

## T08-0048

**Income Subject to Tax and Effective Marginal Tax Rates  
in the Regular Income Tax and the AMT Among AMT Taxpayers, Current Law<sup>1</sup>**

2007

Cash Income Class (thousands of 2006\$) <sup>2</sup>	Percent With More Income Subject to Tax In <sup>3</sup>		Average Adjustments and Preferences <sup>4</sup>	Percent With a Higher Marginal Tax Rate In <sup>5</sup>		Average Effective Marginal Tax Rate (percent) <sup>6</sup>	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
<b>All</b>	<b>61.9</b>	<b>38.1</b>	<b>47,861</b>	<b>25.4</b>	<b>72.6</b>	<b>29.5</b>	<b>31.8</b>
Less than 30	0.0	100.0	167,964	0.0	99.3	0.0	32.1
30-50	75.9	24.1	66,275	0.0	90.2	10.9	24.8
50-75	87.8	12.2	37,788	4.1	93.7	15.0	25.3
75-100	91.7	8.3	33,925	6.3	87.9	21.0	27.7
100-200	88.3	11.7	36,639	4.0	90.2	24.9	29.8
200-500	65.3	34.7	35,486	22.6	76.7	31.1	33.4
500-1,000	9.5	90.5	58,904	68.6	29.5	31.3	29.0
More than 1,000	11.5	88.5	293,281	62.8	33.1	27.1	26.7

2010

Cash Income Class (thousands of 2006\$) <sup>2</sup>	Percent With More Income Subject to Tax In <sup>3</sup>		Average Adjustments and Preferences <sup>4</sup>	Percent With a Higher Marginal Tax Rate In <sup>5</sup>		Average Effective Marginal Tax Rate (percent) <sup>6</sup>	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
<b>All</b>	<b>87.3</b>	<b>12.7</b>	<b>23,888</b>	<b>7.1</b>	<b>89.0</b>	<b>23.9</b>	<b>28.1</b>
Less than 30	58.2	41.8	36,700	0.0	93.1	7.1	27.6
30-50	98.6	1.4	15,368	0.0	95.9	16.4	25.6
50-75	98.7	1.3	19,134	1.9	90.3	18.0	24.9
75-100	98.9	1.1	18,488	1.0	92.1	19.3	26.2
100-200	97.0	3.0	20,979	5.8	92.0	25.8	28.4
200-500	43.2	56.8	31,209	15.9	83.3	29.1	32.5
500-1,000	10.8	89.2	64,292	69.7	25.9	31.0	28.3
More than 1,000	10.7	89.3	290,894	53.9	34.3	27.4	27.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

(1) AMT taxpayers include those with AMT liability from Form 6251, with lost credits, and with reduced deductions.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Income subject to tax for the regular income tax is taxable income; for the AMT it is AMTI net of the AMT exemption.

(4) Amounts are in nominal dollars to facilitate comparison with AMT exemption amounts. For 2007, the AMT exemption is \$66,250 for married couples filing jointly and surviving spouses; \$44,350 for unmarried individuals other than surviving spouses; and \$33,125 for married individuals filing separately. For 2010, the exemption amounts are \$45,000, \$33,750, and \$22,500 respectively.

(5) The marginal tax rate for each return is calculated by adding \$1,000 to wages, recomputing income tax net of refundable credits, and dividing the resulting change in tax liability by 1,000.

(6) Marginal tax rates represent a simple average across individuals.