

**Table T08-0242**  
**Impact of Senator Obama's Tax Proposal as Described by Economic Advisors on Workers**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2009<sup>1</sup>**  
**Summary Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
<b>Lowest Quintile</b>	97.9	1.3	8.3	30.1	-860	-7.8	-1.9
<b>Second Quintile</b>	98.4	1.4	4.3	40.1	-1,081	-3.8	8.2
<b>Middle Quintile</b>	98.2	1.7	2.7	43.0	-1,160	-2.2	15.7
<b>Fourth Quintile</b>	92.9	6.0	2.1	46.2	-1,463	-1.7	18.9
<b>Top Quintile</b>	81.9	17.0	-1.1	-59.4	2,105	0.8	27.2
<b>All</b>	94.3	5.0	0.9	100.0	-589	-0.7	21.8
<b>Addendum</b>							
<b>80-90</b>	88.7	9.4	2.4	35.5	-2,475	-1.8	21.4
<b>90-95</b>	90.4	9.1	2.2	22.4	-3,212	-1.7	23.1
<b>95-99</b>	71.8	28.1	0.4	4.9	-882	-0.3	26.4
<b>Top 1 Percent</b>	7.6	92.4	-6.8	-122.2	91,132	4.8	34.4
<b>Top 0.1 Percent</b>	1.1	98.9	-8.7	-72.5	534,843	6.0	37.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-6).

Number of AMT Taxpayers (millions). Baseline: 29.9

Proposal: 4.1

(1) Calendar year. Baseline is current law. Proposal is Senator Obama's plan as described in *An Updated Analysis of the Presidential Candidates' Tax Plans: Updated September 12, 2008* on the Tax Policy Center's website. A worker is defined as a tax unit with positive wages and salaries or non-zero income on Schedule C or F.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2008 dollars): 20% \$18,981, 40% \$37,595, 60% \$66,354, 80% \$111,645, 90% \$160,972, 95% \$226,918, 99% \$603,402, 99.9% \$2,871,682.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

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**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	97.9	1.3	8.3	30.1	-860	-130.9	-1.0	-0.2	-7.8	-1.9
Second Quintile	98.4	1.4	4.3	40.1	-1,081	-31.7	-1.2	2.9	-3.8	8.2
Middle Quintile	98.2	1.7	2.7	43.0	-1,160	-12.5	-1.1	10.1	-2.2	15.7
Fourth Quintile	92.9	6.0	2.1	46.2	-1,463	-8.1	-0.9	17.5	-1.7	18.9
Top Quintile	81.9	17.0	-1.1	-59.4	2,105	2.9	4.2	69.7	0.8	27.2
All	94.3	5.0	0.9	100.0	-589	-3.2	0.0	100.0	-0.7	21.8
<b>Addendum</b>										
80-90	88.7	9.4	2.4	35.5	-2,475	-7.9	-0.7	13.8	-1.8	21.4
90-95	90.4	9.1	2.2	22.4	-3,212	-6.7	-0.4	10.3	-1.7	23.1
95-99	71.8	28.1	0.4	4.9	-882	-1.0	0.4	16.6	-0.3	26.4
Top 1 Percent	7.6	92.4	-6.8	-122.2	91,132	16.3	4.9	29.0	4.8	34.4
Top 0.1 Percent	1.1	98.9	-8.7	-72.5	534,843	19.1	2.8	15.1	6.0	37.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2009<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total	
	Number (thousands)	Percent of Total								
Lowest Quintile	25,080	20.6	10,982	657	10,325	6.0	2.8	3.4	0.7	
Second Quintile	26,624	21.9	28,355	3,411	24,944	12.0	7.6	8.7	4.1	
Middle Quintile	26,562	21.8	51,934	9,320	42,614	17.9	13.9	14.7	11.1	
Fourth Quintile	22,680	18.6	88,188	18,116	70,073	20.5	20.2	20.7	18.4	
Top Quintile	20,231	16.6	273,077	72,191	200,887	26.4	55.8	52.9	65.5	
All	121,714	100.0	81,414	18,311	63,103	22.5	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	10,292	8.5	135,250	31,379	103,872	23.2	14.1	13.9	14.5	
90-95	4,997	4.1	192,377	47,640	144,737	24.8	9.7	9.4	10.7	
95-99	3,981	3.3	339,617	90,618	248,999	26.7	13.6	12.9	16.2	
Top 1 Percent	962	0.8	1,892,212	560,317	1,331,895	29.6	18.4	16.7	24.2	
Top 0.1 Percent	97	0.1	8,939,650	2,806,625	6,133,025	31.4	8.8	7.8	12.2	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-6).

Number of AMT Taxpayers (millions). Baseline: 29.9 Proposal: 4.1

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