

Table T09-0050
"The American Recovery and Reinvestment Tax Act of 2009"
As Reported by House Ways and Means
Distribution of Federal Tax Change by Cash Income Percentile, 2009 ¹
Summary Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Lowest Quintile	72.3	0.0	4.7	15.0	-477	-4.4	0.2
Second Quintile	91.9	0.0	2.7	17.8	-669	-2.4	8.2
Middle Quintile	97.5	0.0	1.7	17.3	-714	-1.4	15.4
Fourth Quintile	98.3	0.0	1.2	17.4	-859	-1.0	18.8
Top Quintile	93.4	0.0	0.9	32.2	-1,794	-0.6	25.6
All	89.1	0.0	1.4	100.0	-826	-1.1	20.6
Addendum							
80-90	94.7	0.0	1.0	9.3	-1,019	-0.8	21.9
90-95	95.4	0.0	0.7	4.1	-938	-0.5	23.9
95-99	87.1	0.0	0.5	4.6	-1,273	-0.4	26.0
Top 1 Percent	96.2	0.0	1.2	14.3	-15,693	-0.8	28.7
Top 0.1 Percent	99.2	0.0	1.6	8.8	-95,360	-1.1	30.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

Number of AMT Taxpayers (millions). Baseline: 30.3

Proposal: 30.0

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable b recipients.

(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.

Table T09-0050
"The American Recovery and Reinvestment Tax Act of 2009"
As Reported by House Ways and Means
Distribution of Federal Tax Change by Cash Income Percentile, 2009¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	72.3	0.0	4.7	15.0	-477	-95.1	-0.8	0.0	-4.4	0.2
Second Quintile	91.9	0.0	2.7	17.8	-669	-22.5	-0.7	3.3	-2.4	8.2
Middle Quintile	97.5	0.0	1.7	17.3	-714	-8.2	-0.4	10.3	-1.4	15.4
Fourth Quintile	98.3	0.0	1.2	17.4	-859	-4.9	0.0	17.9	-1.0	18.8
Top Quintile	93.4	0.0	0.9	32.2	-1,794	-2.5	1.8	68.4	-0.6	25.6
All	89.1	0.0	1.4	100.0	-826	-5.1	0.0	100.0	-1.1	20.6
Addendum										
80-90	94.7	0.0	1.0	9.3	-1,019	-3.3	0.3	14.3	-0.8	21.9
90-95	95.4	0.0	0.7	4.1	-938	-2.0	0.3	10.7	-0.5	23.9
95-99	87.1	0.0	0.5	4.6	-1,273	-1.4	0.6	17.0	-0.4	26.0
Top 1 Percent	96.2	0.0	1.2	14.3	-15,693	-2.8	0.6	26.4	-0.8	28.7
Top 0.1 Percent	99.2	0.0	1.6	8.8	-95,360	-3.4	0.2	13.2	-1.1	30.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2009¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	39,102	26.0	10,744	501	10,243	4.7	3.7	4.5	0.8	
Second Quintile	32,942	21.9	28,057	2,980	25,076	10.6	8.2	9.3	4.0	
Middle Quintile	30,075	20.0	51,924	8,717	43,207	16.8	13.8	14.7	10.7	
Fourth Quintile	25,152	16.7	87,992	17,415	70,577	19.8	19.6	20.0	17.9	
Top Quintile	22,287	14.8	279,244	73,229	206,015	26.2	55.0	51.8	66.5	
All	150,241	100.0	75,289	16,327	58,962	21.7	100.0	100.0	100.0	
Addendum										
80-90	11,264	7.5	135,143	30,642	104,500	22.7	13.5	13.3	14.1	
90-95	5,439	3.6	192,266	46,915	145,351	24.4	9.3	8.9	10.4	
95-99	4,454	3.0	340,985	89,899	251,086	26.4	13.4	12.6	16.3	
Top 1 Percent	1,131	0.8	1,889,937	558,384	1,331,553	29.6	18.9	17.0	25.7	
Top 0.1 Percent	114	0.1	8,929,410	2,798,307	6,131,103	31.3	9.0	7.9	13.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

Number of AMT Taxpayers (millions). Baseline: 30.3 Proposal: 30.0

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to 50. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients.

(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.

Table T09-0050
"The American Recovery and Reinvestment Tax Act of 2009"
As Reported by House Ways and Means
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	74.7	0.0	6.2	16.1	-618	-549.5	-0.9	-0.7	-6.1	-5.0
Second Quintile	85.1	0.0	2.6	15.2	-608	-28.1	-0.7	2.1	-2.4	6.2
Middle Quintile	96.2	0.0	1.8	16.3	-691	-9.6	-0.4	8.2	-1.5	14.2
Fourth Quintile	98.1	0.0	1.3	18.0	-786	-5.3	0.0	17.3	-1.0	18.4
Top Quintile	94.1	0.0	0.9	34.1	-1,486	-2.4	2.0	73.0	-0.6	25.4
All	89.1	0.0	1.4	100.0	-826	-5.1	0.0	100.0	-1.1	20.6
Addendum										
80-90	97.9	0.0	1.0	9.8	-853	-3.3	0.3	15.6	-0.7	22.0
90-95	91.4	0.0	0.6	4.3	-747	-1.9	0.4	12.0	-0.5	23.7
95-99	87.3	0.0	0.5	4.9	-1,087	-1.4	0.7	18.0	-0.4	25.6
Top 1 Percent	96.1	0.0	1.2	15.0	-13,685	-2.8	0.6	27.4	-0.8	28.6
Top 0.1 Percent	99.0	0.0	1.6	9.2	-84,199	-3.4	0.2	13.8	-1.1	30.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2009¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	32,429	21.6	10,059	112	9,946	1.1	2.9	3.6	0.2
Second Quintile	30,972	20.6	25,261	2,162	23,100	8.6	6.9	8.1	2.7
Middle Quintile	29,186	19.4	46,073	7,242	38,832	15.7	11.9	12.8	8.6
Fourth Quintile	28,494	19.0	76,773	14,943	61,830	19.5	19.3	19.9	17.4
Top Quintile	28,475	19.0	235,357	61,187	174,170	26.0	59.3	56.0	71.0
All	150,241	100.0	75,289	16,327	58,962	21.7	100.0	100.0	100.0
Addendum									
80-90	14,316	9.5	115,555	26,212	89,342	22.7	14.6	14.4	15.3
90-95	7,191	4.8	163,422	39,476	123,946	24.2	10.4	10.1	11.6
95-99	5,606	3.7	292,160	75,889	216,271	26.0	14.5	13.7	17.3
Top 1 Percent	1,362	0.9	1,640,591	482,916	1,157,676	29.4	19.8	17.8	26.8
Top 0.1 Percent	135	0.1	7,862,950	2,460,647	5,402,303	31.3	9.4	8.2	13.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

Number of AMT Taxpayers (millions). Baseline: 30.3 Proposal: 30.0

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications?url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to 50. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients.

(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

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(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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.

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As Reported by House Ways and Means
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009¹
Detail Table - Single Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	68.1	0.0	4.4	18.4	-316	-61.3	-0.9	0.7	-4.1	2.6
Second Quintile	77.2	0.0	2.1	16.9	-352	-17.0	-0.7	4.6	-1.9	9.0
Middle Quintile	95.1	0.0	1.8	19.8	-485	-8.2	-0.4	12.4	-1.5	16.3
Fourth Quintile	97.6	0.0	1.2	17.2	-504	-4.4	0.2	20.8	-0.9	19.9
Top Quintile	91.9	0.0	0.9	27.4	-970	-2.4	1.8	61.4	-0.6	25.8
All	83.3	0.0	1.4	100.0	-475	-5.3	0.0	100.0	-1.1	20.3
Addendum										
80-90	98.1	0.0	0.8	7.9	-528	-2.7	0.4	15.7	-0.6	22.9
90-95	84.7	0.0	0.5	2.8	-399	-1.4	0.4	11.1	-0.3	24.1
95-99	83.1	0.0	0.7	5.1	-986	-1.9	0.5	14.4	-0.5	24.9
Top 1 Percent	94.7	0.0	1.4	11.6	-10,610	-3.1	0.5	20.3	-1.0	30.6
Top 0.1 Percent	98.3	0.0	1.8	6.3	-65,470	-3.4	0.2	10.0	-1.2	33.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2009¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	17,979	27.7	7,650	516	7,135	6.7	5.0	6.0	1.6
Second Quintile	14,788	22.8	19,082	2,070	17,012	10.9	10.3	11.7	5.2
Middle Quintile	12,570	19.4	33,514	5,946	27,569	17.7	15.4	16.1	12.8
Fourth Quintile	10,552	16.2	54,870	11,411	43,459	20.8	21.2	21.4	20.6
Top Quintile	8,719	13.4	151,432	39,958	111,475	26.4	48.3	45.3	59.6
All	64,958	100.0	42,053	8,992	33,060	21.4	100.0	100.0	100.0
Addendum									
80-90	4,605	7.1	82,197	19,332	62,864	23.5	13.9	13.5	15.2
90-95	2,193	3.4	116,199	28,380	87,819	24.4	9.3	9.0	10.7
95-99	1,584	2.4	201,882	51,224	150,659	25.4	11.7	11.1	13.9
Top 1 Percent	338	0.5	1,087,643	343,531	744,112	31.6	13.5	11.7	19.9
Top 0.1 Percent	30	0.1	5,550,592	1,927,489	3,623,103	34.7	6.1	5.0	9.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

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

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(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.

Table T09-0050
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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	76.2	0.0	6.6	8.0	-877	-767.3	-0.4	-0.3	-6.6	-5.7
Second Quintile	88.7	0.0	3.3	11.6	-979	-37.6	-0.5	0.9	-3.0	5.0
Middle Quintile	96.2	0.0	1.9	14.7	-966	-11.4	-0.4	5.2	-1.6	12.7
Fourth Quintile	98.6	0.0	1.4	21.2	-1,036	-5.9	-0.3	15.1	-1.1	17.6
Top Quintile	96.4	0.0	0.9	44.2	-1,768	-2.5	1.5	79.1	-0.6	25.2
All	93.5	0.0	1.3	100.0	-1,221	-4.3	0.0	100.0	-1.0	21.7
Addendum										
80-90	99.3	0.0	1.0	13.0	-1,083	-3.6	0.1	15.6	-0.8	21.5
90-95	95.8	0.0	0.7	6.1	-937	-2.1	0.3	12.8	-0.5	23.5
95-99	90.1	0.0	0.5	5.9	-1,137	-1.3	0.6	20.1	-0.3	25.8
Top 1 Percent	97.0	0.0	1.1	19.3	-14,486	-2.8	0.5	30.6	-0.8	28.2
Top 0.1 Percent	99.3	0.0	1.5	11.9	-88,743	-3.4	0.1	15.1	-1.1	29.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2009¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income	Tax Income	Federal Taxes
							Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	6,621	11.1	13,343	114	13,229	0.9	1.2	1.5	0.0
Second Quintile	8,578	14.4	32,397	2,601	29,796	8.0	3.7	4.4	1.3
Middle Quintile	11,027	18.5	59,438	8,506	50,932	14.3	8.8	9.8	5.6
Fourth Quintile	14,829	24.9	93,284	17,455	75,829	18.7	18.6	19.5	15.4
Top Quintile	18,163	30.5	278,505	72,051	206,454	25.9	68.0	65.1	77.6
All	59,479	100.0	125,155	28,353	96,802	22.7	100.0	100.0	100.0
Addendum									
80-90	8,717	14.7	134,567	30,028	104,539	22.3	15.8	15.8	15.5
90-95	4,700	7.9	186,829	44,909	141,920	24.0	11.8	11.6	12.5
95-99	3,780	6.4	332,302	86,888	245,414	26.2	16.9	16.1	19.5
Top 1 Percent	965	1.6	1,813,978	525,568	1,288,411	29.0	23.5	21.6	30.1
Top 0.1 Percent	97	0.2	8,464,842	2,593,746	5,871,096	30.6	11.1	9.9	14.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients.

(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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.

Table T09-0050
"The American Recovery and Reinvestment Tax Act of 2009"
As Reported by House Ways and Means
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009¹
Detail Table - Head of Household Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	88.6	0.0	8.1	44.9	-1,116	126.6	-8.2	-13.3	-8.6	-15.4
Second Quintile	96.5	0.0	2.5	26.8	-700	-40.0	-2.9	6.6	-2.4	3.5
Middle Quintile	98.7	0.0	1.5	16.4	-632	-8.3	1.9	30.1	-1.3	14.3
Fourth Quintile	97.8	0.0	1.0	7.5	-570	-3.7	3.5	32.2	-0.8	19.6
Top Quintile	76.8	0.0	0.5	4.2	-703	-1.6	5.7	44.3	-0.4	24.9
All	93.5	0.0	2.3	100.0	-807	-14.2	0.0	100.0	-2.0	12.1
Addendum										
80-90	80.7	0.0	0.4	1.2	-301	-1.2	2.2	16.4	-0.3	23.2
90-95	66.7	0.0	0.2	0.3	-270	-0.7	0.9	6.7	-0.2	24.4
95-99	70.4	0.0	0.5	0.8	-971	-1.4	1.2	9.4	-0.4	24.6
Top 1 Percent	87.4	0.0	1.1	1.9	-11,651	-2.6	1.4	11.8	-0.8	28.4
Top 0.1 Percent	98.6	0.0	1.5	1.2	-78,316	-3.3	0.6	5.6	-1.0	30.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2009¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	7,558	32.5	12,952	-882	13,834	-6.8	10.4	13.0	-5.0
Second Quintile	7,198	30.9	29,592	1,748	27,844	5.9	22.7	24.8	9.5
Middle Quintile	4,877	20.9	49,284	7,665	41,618	15.6	25.6	25.2	28.2
Fourth Quintile	2,482	10.7	75,584	15,365	60,219	20.3	20.0	18.5	28.7
Top Quintile	1,128	4.8	179,427	45,427	134,000	25.3	21.5	18.7	38.6
All	23,292	100.0	40,351	5,702	34,650	14.1	100.0	100.0	100.0
Addendum									
80-90	730	3.1	109,967	25,852	84,115	23.5	8.6	7.6	14.2
90-95	209	0.9	149,881	36,811	113,070	24.6	3.3	2.9	5.8
95-99	158	0.7	276,495	69,076	207,418	25.0	4.7	4.1	8.2
Top 1 Percent	31	0.1	1,510,258	441,162	1,069,096	29.2	5.0	4.1	10.4
Top 0.1 Percent	3	0.0	7,770,538	2,410,886	5,359,652	31.0	2.3	1.8	5.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications?url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients.

(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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.

Table T09-0050
"The American Recovery and Reinvestment Tax Act of 2009"
As Reported by House Ways and Means
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009¹
Detail Table - Tax Units with Children

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	93.3	0.0	8.9	23.2	-1,374	112.6	-1.5	-2.7	-9.7	-18.3
Second Quintile	99.4	0.0	3.3	18.5	-1,045	-51.3	-1.0	1.1	-3.1	-3.0
Middle Quintile	99.6	0.0	1.9	17.4	-953	-10.0	-0.5	9.7	-1.6	14.0
Fourth Quintile	99.4	0.0	1.3	18.0	-1,079	-5.2	0.1	20.1	-1.1	19.3
Top Quintile	92.3	0.0	0.7	22.6	-1,577	-1.9	2.9	71.7	-0.5	26.4
All	96.9	0.0	1.6	100.0	-1,189	-5.8	0.0	100.0	-1.3	20.2
Addendum										
80-90	96.3	0.0	0.9	7.8	-1,040	-2.8	0.5	16.5	-0.7	23.2
90-95	89.0	0.0	0.4	2.1	-612	-1.1	0.6	11.6	-0.3	25.2
95-99	84.5	0.0	0.3	2.6	-927	-0.9	0.9	18.0	-0.2	27.0
Top 1 Percent	95.5	0.0	1.0	10.2	-15,334	-2.4	0.9	25.7	-0.7	29.3
Top 0.1 Percent	99.2	0.0	1.5	6.7	-103,344	-3.2	0.3	12.3	-1.0	30.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2009¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	9,648	20.1	14,150	-1,220	15,370	-8.6	3.0	4.1	-1.2
Second Quintile	10,138	21.1	33,628	2,036	31,591	6.1	7.4	8.9	2.1
Middle Quintile	10,440	21.7	61,157	9,541	51,616	15.6	13.9	15.0	10.1
Fourth Quintile	9,539	19.8	101,199	20,635	80,564	20.4	21.1	21.4	20.0
Top Quintile	8,194	17.0	306,666	82,662	224,004	27.0	54.8	51.0	68.9
All	48,094	100.0	95,281	20,453	74,827	21.5	100.0	100.0	100.0
Addendum									
80-90	4,292	8.9	153,064	36,572	116,491	23.9	14.3	13.9	16.0
90-95	1,951	4.1	218,471	55,618	162,854	25.5	9.3	8.8	11.0
95-99	1,572	3.3	392,713	106,796	285,917	27.2	13.5	12.5	17.1
Top 1 Percent	379	0.8	2,144,629	644,140	1,500,489	30.0	17.7	15.8	24.8
Top 0.1 Percent	37	0.1	10,295,847	3,201,831	7,094,016	31.1	8.3	7.3	12.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

Note: Tax units with children are those claiming an exemption for children at home or away from home.

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications?url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to 50. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients.

(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

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(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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.

Table T09-0050
"The American Recovery and Reinvestment Tax Act of 2009"
As Reported by House Ways and Means
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009¹
Detail Table - Elderly Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Under the Proposal	Under the Proposal	Change (%) Under the Proposal	Under the Proposal
Lowest Quintile	36.0	0.0	0.9	2.6	-84	-37.0	-0.1	0.2	-0.8	1.4
Second Quintile	57.7	0.0	0.7	5.9	-145	-16.7	-0.2	1.4	-0.7	3.4
Middle Quintile	83.6	0.0	0.8	7.4	-314	-11.3	-0.2	2.8	-0.8	6.0
Fourth Quintile	93.8	0.0	0.8	14.9	-518	-6.0	-0.2	11.1	-0.7	11.5
Top Quintile	96.6	0.0	1.2	69.2	-2,255	-3.8	0.7	84.5	-0.9	23.4
All	71.8	0.0	1.1	100.0	-648	-4.6	0.0	100.0	-0.9	17.9
Addendum										
80-90	96.4	0.0	0.9	10.5	-782	-4.4	0.0	11.1	-0.7	16.3
90-95	95.4	0.0	0.9	8.7	-1,094	-3.8	0.1	10.6	-0.7	18.8
95-99	97.6	0.0	1.0	14.7	-2,052	-3.3	0.3	20.8	-0.8	22.8
Top 1 Percent	98.8	0.0	1.7	35.3	-16,754	-3.9	0.3	42.1	-1.2	28.8
Top 0.1 Percent	99.7	0.0	1.9	18.8	-88,009	-4.0	0.1	21.4	-1.3	31.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2009¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	5,675	19.8	9,958	227	9,731	2.3	2.6	3.1	0.3
Second Quintile	7,562	26.4	21,260	867	20,393	4.1	7.4	8.8	1.6
Middle Quintile	4,371	15.3	41,175	2,776	38,398	6.7	8.3	9.5	3.0
Fourth Quintile	5,321	18.6	69,880	8,567	61,313	12.3	17.2	18.5	11.2
Top Quintile	5,689	19.9	246,281	59,798	186,483	24.3	64.6	60.2	83.8
All	28,639	100.0	75,721	14,178	61,543	18.7	100.0	100.0	100.0
Addendum									
80-90	2,500	8.7	105,353	17,930	87,423	17.0	12.1	12.4	11.0
90-95	1,471	5.1	147,862	28,932	118,931	19.6	10.0	9.9	10.5
95-99	1,329	4.6	266,234	62,613	203,621	23.5	16.3	15.4	20.5
Top 1 Percent	391	1.4	1,451,124	434,456	1,016,668	29.9	26.1	22.5	41.8
Top 0.1 Percent	40	0.1	6,768,885	2,184,214	4,584,672	32.3	12.4	10.3	21.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications?url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to 50. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients.

(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

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(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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.