

**Table T09-0176**  
**Make Top Two Tax Rates 36 and 39.6 Percent**  
**Baseline: Administration Baseline**  
**Small Business Tax Units**  
**Distribution of Federal Tax Change by Cash Income Level, 2012<sup>1</sup>**

| Cash Income Level<br>(thousands of 2009<br>dollars) <sup>2</sup> | Tax Units With Tax Increase <sup>3</sup> |         | Percent Change<br>in After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes |                       | Average Federal Tax Rate <sup>5</sup> |                       |
|--|--|---------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
|  | Number<br>(thousands)                    | Percent |   |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Less than 10   | 0.0                                      | 0.0     | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.1                   | 0.0                                   | 7.3                   |
| 10-20  | 0.0                                      | 0.0     | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.2                   | 0.0                                   | 3.9                   |
| 20-30  | 0.0                                      | 0.0     | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.6                   | 0.0                                   | 9.4                   |
| 30-40  | 0.0                                      | 0.0     | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 1.0                   | 0.0                                   | 13.0                  |
| 40-50  | 0.0                                      | 0.0     | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 1.2                   | 0.0                                   | 14.7                  |
| 50-75  | 0.0                                      | 0.0     | 0.0   | 0.0                                     | 0                          | 0.0     | -0.1                   | 4.5                   | 0.0                                   | 16.8                  |
| 75-100   | 0.0                                      | 0.0     | 0.0   | 0.0                                     | 0                          | 0.0     | -0.1                   | 5.7                   | 0.0                                   | 18.1                  |
| 100-200  | 7.6                                      | 0.1     | 0.0   | 0.0                                     | 1                          | 0.0     | -0.4                   | 18.7                  | 0.0                                   | 20.8                  |
| 200-500  | 226.1                                    | 7.3     | -0.1  | 1.7                                     | 145                        | 0.2     | -0.4                   | 19.2                  | 0.1                                   | 24.7                  |
| 500-1,000  | 281.8                                    | 39.1    | -0.9  | 13.2                                    | 4,966                      | 2.6     | 0.0                    | 11.7                  | 0.7                                   | 27.6                  |
| More than 1,000  | 267.1                                    | 64.7    | -2.4  | 85.2                                    | 55,998                     | 5.4     | 1.1                    | 36.8                  | 1.6                                   | 32.1                  |
| All  | 784.1                                    | 2.2     | -0.7  | 100.0                                   | 755                        | 2.3     | 0.0                    | 100.0                 | 0.5                                   | 24.5                  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Level, 2012<sup>1</sup>**

| Cash Income Level<br>(thousands of 2009<br>dollars) <sup>2</sup> | Tax Units <sup>3</sup> |                     | Average<br>Income<br>(Dollars) | Average<br>Federal Tax<br>Burden<br>(Dollars) | Average After-<br>Tax Income <sup>4</sup><br>(Dollars) | Average<br>Federal Tax<br>Rate <sup>5</sup> | Share of Pre-<br>Tax Income<br>Percent of<br>Total | Share of Post-<br>Tax Income<br>Percent of<br>Total | Share of<br>Federal Taxes<br>Percent of<br>Total |
|--|------------------------|---------------------|--------------------------------|---|--|---|--|---|--|
|  | Number<br>(thousands)  | Percent of<br>Total |                                |   |  |   |  |   |  |
| Less than 10   | 2,706                  | 7.5                 | 6,021                          | 437   | 5,585  | 7.3   | 0.3  | 0.4   | 0.1  |
| 10-20  | 3,615                  | 10.1                | 15,596                         | 606   | 14,990   | 3.9   | 1.1  | 1.4   | 0.2  |
| 20-30  | 3,107                  | 8.6                 | 26,267                         | 2,464   | 23,804   | 9.4   | 1.6  | 1.9   | 0.6  |
| 30-40  | 2,626                  | 7.3                 | 36,691                         | 4,762   | 31,929   | 13.0  | 1.9  | 2.2   | 1.0  |
| 40-50  | 2,192                  | 6.1                 | 47,453                         | 6,968   | 40,485   | 14.7  | 2.1  | 2.3   | 1.3  |
| 50-75  | 5,024                  | 14.0                | 65,978                         | 11,057  | 54,921   | 16.8  | 6.6  | 7.2   | 4.6  |
| 75-100   | 4,212                  | 11.7                | 91,824                         | 16,577  | 75,248   | 18.1  | 7.7  | 8.3   | 5.8  |
| 100-200  | 7,615                  | 21.2                | 145,500                        | 30,254  | 115,246  | 20.8  | 22.0   | 22.9  | 19.1   |
| 200-500  | 3,084                  | 8.6                 | 310,919                        | 76,555  | 234,364  | 24.6  | 19.0   | 18.9  | 19.6   |
| 500-1,000  | 721                    | 2.0                 | 721,142                        | 194,112                                       | 527,029  | 26.9  | 10.3   | 9.9   | 11.6   |
| More than 1,000  | 413                    | 1.2                 | 3,423,770                      | 1,042,995                                     | 2,380,775  | 30.5  | 28.1   | 25.6  | 35.8   |
| All  | 35,970                 | 100.0               | 140,128                        | 33,505  | 106,623  | 23.9  | 100.0  | 100.0   | 100.0  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-1).

Note: Includes all tax units reporting a net gain or loss on Schedules C, E, or F.

(1) Calendar year. Baseline is the Administration's baseline (extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation). Proposal reinstates the top two income tax rates to 36 and 39.6 percent.

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

(4) 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.

(5) 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.