

Table T09-0261

**Replace ESI Exclusion and Self-Employment Health Insurance Deduction With Voucher to Purchase Private Insurance
Impose Comprehensive VAT at Tax Exclusive Rate of 8.4% With \$500 Individual Cash Subsidy
Distribution of Federal Tax Change by Cash Income Percentile, 2009¹
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	90.5	9.5	27.8	-8,032.1	-3,106	-27.9	-28.1
Second Quintile	71.2	28.8	8.1	-4,863.0	-2,087	-7.4	0.5
Middle Quintile	56.0	44.0	2.5	-2,310.2	-1,099	-2.2	12.3
Fourth Quintile	45.2	54.8	-0.1	133.0	74	0.1	17.3
Top Quintile	19.6	80.4	-5.4	15,400.8	9,801	4.2	26.7
All	60.7	39.2	0.0	100.0	10	0.0	18.0
Addendum							
80-90	28.3	71.7	-2.9	2,265.2	2,847	2.3	21.6
90-95	14.5	85.6	-4.3	2,270.6	5,950	3.4	24.3
95-99	7.4	92.6	-6.7	4,841.2	15,403	5.2	27.9
Top 1 Percent	5.2	94.8	-7.4	6,023.7	75,488	5.5	31.5
Top 0.1 Percent	2.5	97.5	-7.4	2,483.1	309,804	5.3	33.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

Number of AMT Taxpayers (millions). Baseline: 3.8

Proposal: 4.1

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored insurance deduction and self-employment health insurance deduction with a voucher to purchase private insurance. Individual voucher value depends on age and gender; the total voucher for each tax unit is the sum of each individual's voucher. Only individuals not on public insurance receive a voucher. The proposal imposes a revenue neutral comprehensive VAT at tax exclusive rate of 8.4% to finance the voucher and \$500 individual cash subsidy. The VAT is distributed to labor earnings plus all capital.

(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 2009 dollars): 20% \$19,792, 40% \$38,213, 60% \$65,692, 80% \$104,318, 90% \$150,433, 95% \$203,190, 99% \$522,025, 99.9% \$2,131,606.

(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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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	90.5	9.5	27.8	-8,032.1	-3,106	12,097.6	-6.2	-6.3	-27.9	-28.1
Second Quintile	71.2	28.8	8.1	-4,863.0	-2,087	-93.8	-3.8	0.3	-7.4	0.5
Middle Quintile	56.0	44.0	2.5	-2,310.2	-1,099	-14.9	-1.8	10.2	-2.2	12.3
Fourth Quintile	45.2	54.8	-0.1	133.0	74	0.5	0.1	20.0	0.1	17.3
Top Quintile	19.6	80.4	-5.4	15,400.8	9,801	18.6	11.9	75.9	4.2	26.7
All	60.7	39.2	0.0	100.0	10	0.1	0.0	100.0	0.0	18.0
Addendum										
80-90	28.3	71.7	-2.9	2,265.2	2,847	12.1	1.7	16.3	2.3	21.6
90-95	14.5	85.6	-4.3	2,270.6	5,950	16.4	1.8	12.5	3.4	24.3
95-99	7.4	92.6	-6.7	4,841.2	15,403	22.7	3.7	20.2	5.2	27.9
Top 1 Percent	5.2	94.8	-7.4	6,023.7	75,488	21.0	4.7	26.9	5.5	31.5
Top 0.1 Percent	2.5	97.5	-7.4	2,483.1	309,804	18.8	1.9	12.2	5.3	33.5

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	37,398	24.8	11,139	-26	11,165	-0.2	4.0	4.9	-0.1
Second Quintile	33,701	22.3	28,130	2,225	25,905	7.9	9.2	10.3	4.0
Middle Quintile	30,402	20.1	50,928	7,377	43,551	14.5	14.9	15.6	12.0
Fourth Quintile	25,999	17.2	83,030	14,288	68,742	17.2	20.8	21.0	19.9
Top Quintile	22,729	15.1	234,071	52,570	181,502	22.5	51.3	48.6	64.0
All	150,979	100.0	68,631	12,367	56,264	18.0	100.0	100.0	100.0
Addendum									
80-90	11,510	7.6	122,728	23,629	99,099	19.3	13.6	13.4	14.6
90-95	5,519	3.7	173,553	36,256	137,298	20.9	9.2	8.9	10.7
95-99	4,546	3.0	298,384	67,728	230,656	22.7	13.1	12.3	16.5
Top 1 Percent	1,154	0.8	1,380,494	359,484	1,021,011	26.0	15.4	13.9	22.2
Top 0.1 Percent	116	0.1	5,859,810	1,650,034	4,209,776	28.2	6.6	5.8	10.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-2).

Number of AMT Taxpayers (millions). Baseline: 3.8

Proposal: 4.1

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored insurance deduction and self-employment health insurance deduction with a voucher to purchase private insurance. Individual voucher value depends on age and gender; the total voucher for each tax unit is the sum of each individual's voucher. Only individuals not on public insurance receive a voucher. The proposal imposes a revenue neutral comprehensive VAT at tax exclusive rate of 6.7% to finance the voucher and \$500 individual cash subsidy. The VAT is distributed to labor earnings plus all capital.

(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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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	92.1	7.9	33.7	-7,913.2	-3,715	624.0	-6.1	-7.1	-35.6	-41.3
Second Quintile	79.4	20.5	10.3	-5,258.0	-2,469	-167.1	-4.1	-1.6	-9.7	-3.9
Middle Quintile	65.1	34.8	4.3	-3,466.4	-1,692	-28.4	-2.7	6.8	-3.8	9.5
Fourth Quintile	45.5	54.5	-0.2	215.2	107	0.9	0.2	19.1	0.2	16.8
Top Quintile	18.9	81.1	-5.4	16,750.8	8,115	18.5	12.9	83.0	4.2	26.6
All	60.7	39.2	0.0	100.0	10	0.1	0.0	100.0	0.0	18.0
Addendum										
80-90	27.1	72.8	-2.9	2,576.1	2,468	12.1	2.0	18.5	2.4	21.9
90-95	13.5	86.5	-4.5	2,667.0	5,131	16.7	2.1	14.5	3.5	24.8
95-99	7.8	92.2	-6.5	5,198.7	12,863	22.5	4.0	21.9	5.1	27.5
Top 1 Percent	5.5	94.5	-7.3	6,309.0	65,409	21.0	4.9	28.2	5.4	31.3
Top 0.1 Percent	2.6	97.4	-7.3	2,585.3	271,015	18.7	2.0	12.7	5.3	33.3

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	30,811	20.4	10,429	-595	11,024	-5.7	3.1	4.0	-1.0
Second Quintile	30,805	20.4	25,498	1,478	24,020	5.8	7.6	8.7	2.4
Middle Quintile	29,640	19.6	45,048	5,962	39,087	13.2	12.9	13.6	9.5
Fourth Quintile	29,116	19.3	72,752	12,123	60,629	16.7	20.4	20.8	18.9
Top Quintile	29,857	19.8	195,312	43,800	151,512	22.4	56.3	53.3	70.0
All	150,979	100.0	68,631	12,367	56,264	18.0	100.0	100.0	100.0
Addendum									
80-90	15,099	10.0	104,284	20,372	83,913	19.5	15.2	14.9	16.5
90-95	7,518	5.0	145,101	30,792	114,309	21.2	10.5	10.1	12.4
95-99	5,846	3.9	254,000	57,073	196,927	22.5	14.3	13.6	17.9
Top 1 Percent	1,395	0.9	1,205,141	311,845	893,296	25.9	16.2	14.7	23.3
Top 0.1 Percent	138	0.1	5,155,011	1,447,331	3,707,680	28.1	6.9	6.0	10.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-2).

Number of AMT Taxpayers (millions). Baseline: 3.8 Proposal: 4.1

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored insurance deduction and self-employment health insurance deduction with a voucher to purchase private insurance. Individual voucher value depends on age and gender; the total voucher for each tax unit is the sum of each individual's voucher. Only individuals not on public insurance receive a voucher. The proposal imposes a revenue neutral comprehensive VAT at tax exclusive rate of 6.7% to finance the voucher and \$500 individual cash subsidy. The VAT is distributed to labor earnings plus all capital.

(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 2009 dollars): 20% \$13,452, 40% \$24,939, 60% \$41,565, 80% \$64,974, 90% \$90,586, 95% \$126,051, 99% \$321,606, 99.9% \$1,307,820.

(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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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	91.3	8.6	31.3	-1,685.9	-2,343	-1,193.5	-7.4	-6.8	-30.5	-27.9
Second Quintile	79.2	20.7	6.9	-816.2	-1,225	-71.7	-3.6	1.4	-6.3	2.5
Middle Quintile	55.6	44.3	1.5	-251.8	-425	-8.7	-1.2	11.7	-1.3	13.6
Fourth Quintile	34.4	65.6	-2.6	542.2	1,102	11.2	2.3	23.6	2.1	20.8
Top Quintile	12.8	87.1	-5.2	2,366.2	5,148	17.4	10.2	70.2	4.0	27.2
All	59.7	40.3	-0.1	100.0	34	0.4	0.0	100.0	0.1	18.6
Addendum										
80-90	16.5	83.4	-4.2	615.8	2,531	15.6	2.6	20.1	3.3	24.6
90-95	9.4	90.6	-5.3	505.3	4,259	18.0	2.2	14.6	4.1	26.7
95-99	7.7	92.4	-5.7	640.8	7,864	20.1	2.8	16.9	4.4	26.5
Top 1 Percent	8.4	91.6	-6.3	604.4	37,266	16.7	2.6	18.6	4.6	31.9
Top 0.1 Percent	3.1	96.9	-7.0	250.5	170,078	15.3	1.1	8.3	4.8	36.0

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	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	15,928	24.4	7,691	196	7,495	2.6	4.5	5.4	0.6
Second Quintile	14,749	22.6	19,388	1,708	17,679	8.8	10.6	11.9	5.0
Middle Quintile	13,104	20.1	32,811	4,896	27,914	14.9	15.9	16.6	12.8
Fourth Quintile	10,889	16.7	52,452	9,807	42,645	18.7	21.1	21.1	21.3
Top Quintile	10,176	15.6	127,722	29,556	98,166	23.1	48.1	45.4	60.1
All	65,239	100.0	41,404	7,673	33,731	18.5	100.0	100.0	100.0
Addendum									
80-90	5,386	8.3	76,418	16,272	60,147	21.3	15.2	14.7	17.5
90-95	2,627	4.0	104,693	23,672	81,021	22.6	10.2	9.7	12.4
95-99	1,804	2.8	177,218	39,134	138,085	22.1	11.8	11.3	14.1
Top 1 Percent	359	0.6	817,131	223,765	593,365	27.4	10.9	9.7	16.1
Top 0.1 Percent	33	0.1	3,560,360	1,111,510	2,448,850	31.2	4.3	3.6	7.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-2).

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(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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(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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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	92.8	7.2	43.8	-81.0	-6,435	687.1	-3.3	-3.8	-46.8	-53.6
Second Quintile	82.7	17.3	13.7	-68.3	-4,294	-284.6	-2.9	-1.8	-13.0	-8.5
Middle Quintile	75.7	24.2	6.2	-66.6	-3,174	-46.0	-3.0	3.2	-5.4	6.4
Fourth Quintile	53.7	46.3	0.9	-18.4	-647	-4.7	-1.5	15.4	-0.7	14.8
Top Quintile	21.8	78.2	-5.4	337.5	9,963	19.1	10.8	87.1	4.2	26.4
All	56.8	43.2	-1.0	100.0	890	4.3	0.0	100.0	0.8	19.6
Addendum										
80-90	33.3	66.7	-2.5	40.3	2,478	10.8	1.0	17.1	2.0	20.7
90-95	15.6	84.4	-4.2	49.0	5,693	16.3	1.5	14.5	3.4	24.0
95-99	7.7	92.3	-6.8	110.5	15,420	23.4	3.7	24.1	5.3	27.9
Top 1 Percent	4.3	95.6	-7.5	137.7	74,791	22.1	4.6	31.5	5.6	31.1
Top 0.1 Percent	2.4	97.6	-7.4	54.7	299,092	19.5	1.8	13.8	5.3	32.7

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	6,690	11.2	13,760	-937	14,697	-6.8	1.4	1.8	-0.5
Second Quintile	8,457	14.2	32,925	1,509	31,417	4.6	4.2	5.0	1.0
Middle Quintile	11,153	18.7	58,474	6,901	51,572	11.8	9.9	10.7	6.2
Fourth Quintile	15,150	25.4	88,068	13,718	74,350	15.6	20.3	21.0	16.8
Top Quintile	18,010	30.2	236,078	52,297	183,780	22.2	64.5	61.8	76.3
All	59,744	100.0	110,299	20,672	89,627	18.7	100.0	100.0	100.0
Addendum									
80-90	8,649	14.5	122,710	22,913	99,797	18.7	16.1	16.1	16.1
90-95	4,572	7.7	169,474	35,026	134,448	20.7	11.8	11.5	13.0
95-99	3,811	6.4	292,035	66,026	226,009	22.6	16.9	16.1	20.4
Top 1 Percent	979	1.6	1,330,820	339,102	991,717	25.5	19.8	18.1	26.9
Top 0.1 Percent	97	0.2	5,602,474	1,534,754	4,067,720	27.4	8.3	7.4	12.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-2).

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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	93.0	7.0	26.9	64.9	-4,076	208.4	-89.3	-105.6	-30.9	-45.8
Second Quintile	75.6	24.3	9.5	39.0	-2,710	-314.1	-35.7	-29.2	-9.2	-6.3
Middle Quintile	65.4	34.6	3.5	13.6	-1,442	-21.8	21.0	53.6	-3.0	10.7
Fourth Quintile	40.8	59.2	-1.3	-4.0	777	6.1	41.7	75.6	1.1	18.8
Top Quintile	19.4	80.6	-4.9	-14.0	5,849	17.0	62.9	106.0	3.8	26.3
All	72.9	27.1	6.1	100.0	-2,113	-52.4	0.0	100.0	-5.5	5.0
Addendum										
80-90	24.0	76.0	-3.5	-4.4	2,782	12.9	24.4	42.2	2.7	24.0
90-95	9.9	90.1	-4.9	-2.4	5,132	16.9	10.7	18.1	3.8	26.2
95-99	12.1	87.9	-5.7	-3.1	10,761	20.4	12.3	20.3	4.4	26.1
Top 1 Percent	7.9	92.1	-7.7	-4.1	63,559	21.6	15.5	25.5	5.7	31.9
Top 0.1 Percent	4.8	95.2	-8.8	-1.9	310,667	22.4	6.8	11.1	6.3	34.6

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	7,886	33.7	13,176	-1,956	15,132	-14.8	11.5	14.8	-16.3
Second Quintile	7,129	30.4	29,467	863	28,604	2.9	23.3	25.3	6.5
Middle Quintile	4,664	19.9	48,386	6,623	41,764	13.7	25.1	24.2	32.7
Fourth Quintile	2,524	10.8	71,741	12,710	59,030	17.7	20.1	18.5	33.9
Top Quintile	1,185	5.1	153,000	34,439	118,561	22.5	20.1	17.4	43.2
All	23,435	100.0	38,440	4,035	34,405	10.5	100.0	100.0	100.0
Addendum									
80-90	781	3.3	101,698	21,578	80,120	21.2	8.8	7.8	17.8
90-95	229	1.0	135,764	30,371	105,393	22.4	3.5	3.0	7.4
95-99	144	0.6	243,422	52,846	190,576	21.7	3.9	3.4	8.0
Top 1 Percent	32	0.1	1,118,475	293,737	824,737	26.3	4.0	3.3	10.0
Top 0.1 Percent	3	0.0	4,909,652	1,389,447	3,520,205	28.3	1.6	1.3	4.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-2).

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored insurance deduction and self-employment health insurance deduction with a voucher to purchase private insurance. Individual voucher value depends on age and gender; the total voucher for each tax unit is the sum of each individual's voucher. Only individuals not on public insurance receive a voucher. The proposal imposes a revenue neutral comprehensive VAT at tax exclusive rate of 6.7% to finance the voucher and \$500 individual cash subsidy. The VAT is distributed to labor earnings plus all capital.

(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 2009 dollars): 20% \$13,452, 40% \$24,939, 60% \$41,565, 80% \$64,974, 90% \$90,586, 95% \$126,051, 99% \$321,606, 99.9% \$1,307,820.

(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 T09-0261
Replace ESI Exclusion and Self-Employment Health Insurance Deduction With Voucher to Purchase Private Insurance
Impose Comprehensive VAT at Tax Exclusive Rate of 8.4% With \$500 Individual Cash Subsidy
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	93.6	6.4	30.2	250.3	-5,022	202.8	-8.0	-11.8	-35.5	-53.1
Second Quintile	76.7	23.3	10.3	165.5	-3,393	-393.9	-5.2	-3.9	-10.0	-7.5
Middle Quintile	72.0	27.9	5.1	129.4	-2,667	-33.3	-3.7	8.2	-4.4	8.8
Fourth Quintile	45.9	54.1	-0.2	-7.7	175	1.1	0.9	22.8	0.2	17.3
Top Quintile	14.3	85.7	-6.1	-442.2	12,304	19.7	16.1	84.7	4.7	28.3
All	63.7	36.3	0.6	100.0	-439	-3.1	0.0	100.0	-0.5	16.8
Addendum										
80-90	20.6	79.4	-3.7	-76.8	4,187	14.5	2.9	19.1	2.9	23.2
90-95	10.3	89.8	-5.0	-69.0	7,559	17.7	2.6	14.4	3.9	25.7
95-99	5.3	94.7	-7.7	-138.5	20,447	23.7	4.9	22.8	5.8	30.2
Top 1 Percent	3.2	96.8	-8.1	-158.0	92,473	21.2	5.7	28.4	5.8	33.3
Top 0.1 Percent	1.9	98.1	-7.6	-61.6	367,846	18.6	2.3	12.4	5.4	34.2

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	10,679	21.9	14,136	-2,477	16,613	-17.5	3.7	5.3	-3.8
Second Quintile	10,452	21.4	33,788	861	32,927	2.6	8.7	10.3	1.3
Middle Quintile	10,394	21.3	60,328	8,002	52,326	13.3	15.5	16.2	11.9
Fourth Quintile	9,395	19.3	95,703	16,360	79,343	17.1	22.2	22.2	21.9
Top Quintile	7,700	15.8	264,258	62,529	201,729	23.7	50.2	46.3	68.6
All	48,765	100.0	83,132	14,393	68,738	17.3	100.0	100.0	100.0
Addendum									
80-90	3,928	8.1	142,540	28,894	113,646	20.3	13.8	13.3	16.2
90-95	1,955	4.0	195,504	42,658	152,846	21.8	9.4	8.9	11.9
95-99	1,451	3.0	353,516	86,291	267,226	24.4	12.7	11.6	17.8
Top 1 Percent	366	0.8	1,583,826	435,407	1,148,419	27.5	14.3	12.5	22.7
Top 0.1 Percent	36	0.1	6,844,819	1,973,610	4,871,209	28.8	6.1	5.2	10.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-2).

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

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored insurance deduction and self-employment health insurance deduction with a voucher to purchase private insurance. Individual voucher value depends on age and gender; the total voucher for each tax unit is the sum of each individual's voucher. Only individuals not on public insurance receive a voucher. The proposal imposes a revenue neutral comprehensive VAT at tax exclusive rate of 6.7% to finance the voucher and \$500 individual cash subsidy. The VAT is distributed to labor earnings plus all capital.

(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 2009 dollars): 20% \$13,452, 40% \$24,939, 60% \$41,565, 80% \$64,974, 90% \$90,586, 95% \$126,051, 99% \$321,606, 99.9% \$1,307,820.

(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 T09-0261
Replace ESI Exclusion and Self-Employment Health Insurance Deduction With Voucher to Purchase Private Insurance
Impose Comprehensive VAT at Tax Exclusive Rate of 8.4% With \$500 Individual Cash Subsidy
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 (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	90.9	9.0	17.3	-26.5	-1,769	-10,625.3	-2.5	-2.5	-17.3	-17.1
Second Quintile	85.4	14.5	3.9	-18.9	-824	-210.1	-1.9	-0.9	-3.9	-2.0
Middle Quintile	67.6	32.3	1.6	-9.4	-600	-46.1	-1.1	1.0	-1.5	1.8
Fourth Quintile	44.0	55.9	-0.1	1.6	85	1.4	-0.9	10.4	0.1	8.9
Top Quintile	20.9	79.0	-4.4	153.2	6,974	18.5	6.3	91.9	3.5	22.6
All	60.1	39.8	-1.7	100.0	1,062	10.3	0.0	100.0	1.5	15.6
Addendum										
80-90	29.4	70.4	-1.9	15.3	1,531	12.5	0.2	12.9	1.6	14.6
90-95	18.7	81.3	-3.0	18.6	3,408	15.9	0.6	12.7	2.6	18.5
95-99	11.2	88.8	-5.1	48.9	9,487	22.1	2.4	25.4	4.1	22.8
Top 1 Percent	4.1	95.9	-6.4	70.4	50,743	19.2	3.1	40.9	4.8	29.7
Top 0.1 Percent	1.3	98.7	-7.0	30.2	225,148	17.8	1.2	18.7	5.0	33.2

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	4,518	15.9	10,241	17	10,225	0.2	2.2	2.6	0.0
Second Quintile	6,908	24.3	21,365	392	20,973	1.8	7.2	8.2	0.9
Middle Quintile	4,712	16.6	39,436	1,301	38,135	3.3	9.0	10.2	2.1
Fourth Quintile	5,606	19.8	67,390	5,886	61,504	8.7	18.3	19.5	11.3
Top Quintile	6,619	23.3	197,494	37,681	159,814	19.1	63.4	59.7	85.5
All	28,390	100.0	72,658	10,270	62,388	14.1	100.0	100.0	100.0
Addendum									
80-90	3,007	10.6	95,095	12,301	82,795	12.9	13.9	14.1	12.7
90-95	1,640	5.8	133,885	21,417	112,469	16.0	10.7	10.4	12.1
95-99	1,554	5.5	230,630	43,028	187,602	18.7	17.4	16.5	22.9
Top 1 Percent	418	1.5	1,059,787	263,997	795,790	24.9	21.5	18.8	37.9
Top 0.1 Percent	40	0.1	4,494,318	1,265,869	3,228,449	28.2	8.8	7.4	17.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-2).

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

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored insurance deduction and self-employment health insurance deduction with a voucher to purchase private insurance. Individual voucher value depends on age and gender; the total voucher for each tax unit is the sum of each individual's voucher. Only individuals not on public insurance receive a voucher. The proposal imposes a revenue neutral comprehensive VAT at tax exclusive rate of 6.7% to finance the voucher and \$500 individual cash subsidy. The VAT is distributed to labor earnings plus all capital.

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