

Table T09-0282
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Summary Table

| Cash Income Level (thousands of 2009 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change (\$) | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|----------------------|--|---|---------------------------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | | Change (%) Points) | Under the Proposal |
| Less than 10 | 72.0 | 0.0 | 5.9 | 1.7 | -318 | -5.6 | -0.2 |
| 10-20 | 73.8 | 0.2 | 4.5 | 4.9 | -659 | -4.3 | 1.1 |
| 20-30 | 88.4 | 0.2 | 4.8 | 7.2 | -1,104 | -4.3 | 6.4 |
| 30-40 | 94.8 | 0.2 | 4.5 | 6.8 | -1,371 | -3.8 | 11.1 |
| 40-50 | 97.0 | 0.1 | 4.0 | 6.1 | -1,546 | -3.3 | 14.0 |
| 50-75 | 99.1 | 0.1 | 3.8 | 13.5 | -1,935 | -3.0 | 16.4 |
| 75-100 | 99.8 | 0.0 | 4.0 | 12.4 | -2,797 | -3.1 | 18.4 |
| 100-200 | 99.9 | 0.0 | 4.5 | 30.5 | -4,786 | -3.4 | 21.1 |
| 200-500 | 98.9 | 1.1 | 3.6 | 14.2 | -7,715 | -2.6 | 24.4 |
| 500-1,000 | 77.7 | 22.3 | 1.2 | 2.0 | -6,157 | -0.9 | 27.6 |
| More than 1,000 | 57.4 | 42.6 | 0.2 | 0.8 | -4,628 | -0.2 | 33.7 |
| All | 90.0 | 0.4 | 3.6 | 100.0 | -2,071 | -2.7 | 20.6 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

Number of AMT Taxpayers (millions). Baseline: 18.2

Proposal: 4.1

(1) Calendar year. Baseline is current law. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years;

(j) limit value of itemized deduction to 28 percent; (k) maintain the estate tax at its 2009 parameters; (l) extend the 2001 and 2003 tax cuts for low and middle income individuals (marriage penalty relief, the 10, 15, 25, 28 percent brackets, the 15 percent rate on capital gains and qualified dividends for taxpayers in those brackets, the \$1,000 child tax credit, and the expanded child and dependent care credit). Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

(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.

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Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table

| Cash Income Level (thousands of 2009 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|----------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Less than 10 | 72.0 | 0.0 | 5.9 | 1.7 | -318 | -102.7 | -0.2 | 0.0 | -5.6 | -0.2 |
| 10-20 | 73.8 | 0.2 | 4.5 | 4.9 | -659 | -79.0 | -0.6 | 0.2 | -4.3 | 1.1 |
| 20-30 | 88.4 | 0.2 | 4.8 | 7.2 | -1,104 | -40.0 | -0.7 | 1.4 | -4.3 | 6.4 |
| 30-40 | 94.8 | 0.2 | 4.5 | 6.8 | -1,371 | -25.5 | -0.5 | 2.6 | -3.8 | 11.1 |
| 40-50 | 97.0 | 0.1 | 4.0 | 6.1 | -1,546 | -19.2 | -0.3 | 3.4 | -3.3 | 14.0 |
| 50-75 | 99.1 | 0.1 | 3.8 | 13.5 | -1,935 | -15.6 | -0.5 | 9.6 | -3.0 | 16.4 |
| 75-100 | 99.8 | 0.0 | 4.0 | 12.4 | -2,797 | -14.5 | -0.3 | 9.6 | -3.1 | 18.4 |
| 100-200 | 99.9 | 0.0 | 4.5 | 30.5 | -4,786 | -13.9 | -0.7 | 24.9 | -3.4 | 21.1 |
| 200-500 | 98.9 | 1.1 | 3.6 | 14.2 | -7,715 | -9.7 | 0.4 | 17.4 | -2.6 | 24.4 |
| 500-1,000 | 77.7 | 22.3 | 1.2 | 2.0 | -6,157 | -3.1 | 0.7 | 8.3 | -0.9 | 27.6 |
| More than 1,000 | 57.4 | 42.6 | 0.2 | 0.8 | -4,628 | -0.4 | 2.5 | 22.5 | -0.2 | 33.7 |
| All | 90.0 | 0.4 | 3.6 | 100.0 | -2,071 | -11.6 | 0.0 | 100.0 | -2.7 | 20.6 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

| Cash Income Level (thousands of 2009 dollars) ² | Tax Units ³ | | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After- Tax Income ⁴ (Dollars) | Average Federal Tax Rate ⁵ | 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 | |
| Less than 10 | 16,867 | 10.7 | 5,698 | 310 | 5,388 | 5.4 | 0.8 | 1.0 | 0.2 |
| 10-20 | 24,202 | 15.4 | 15,471 | 834 | 14,637 | 5.4 | 3.1 | 3.9 | 0.7 |
| 20-30 | 21,129 | 13.4 | 25,711 | 2,761 | 22,949 | 10.7 | 4.5 | 5.3 | 2.1 |
| 30-40 | 16,119 | 10.2 | 36,076 | 5,370 | 30,706 | 14.9 | 4.9 | 5.4 | 3.1 |
| 40-50 | 12,811 | 8.1 | 46,449 | 8,034 | 38,416 | 17.3 | 5.0 | 5.4 | 3.7 |
| 50-75 | 22,730 | 14.5 | 63,828 | 12,414 | 51,415 | 19.5 | 12.1 | 12.7 | 10.1 |
| 75-100 | 14,433 | 9.2 | 89,794 | 19,270 | 70,524 | 21.5 | 10.8 | 11.1 | 9.9 |
| 100-200 | 20,762 | 13.2 | 140,646 | 34,422 | 106,224 | 24.5 | 24.4 | 24.0 | 25.5 |
| 200-500 | 5,989 | 3.8 | 294,838 | 79,626 | 215,213 | 27.0 | 14.7 | 14.0 | 17.0 |
| 500-1,000 | 1,052 | 0.7 | 703,124 | 200,119 | 503,005 | 28.5 | 6.2 | 5.8 | 7.5 |
| More than 1,000 | 533 | 0.3 | 3,105,866 | 1,050,659 | 2,055,206 | 33.8 | 13.8 | 11.9 | 20.0 |
| All | 157,348 | 100.0 | 76,169 | 17,790 | 58,378 | 23.4 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

Number of AMT Taxpayers (millions). Baseline: 18.2

Proposal: 4.1

(1) Calendar year. Baseline is current law. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years;

(j) limit value of itemized deduction to 28 percent; (k) maintain the estate tax at its 2009 parameters; (l) extend the 2001 and 2003 tax cuts for low and middle income individuals (marriage penalty relief, the 10, 15, 25, 28 percent brackets, the 15 percent rate on capital gains and qualified dividends for taxpayers in those brackets, the \$1,000 child tax credit, and the expanded child and dependent care credit). Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

(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.

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Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Single Tax Units

| Cash Income Level (thousands of 2009 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|-------------------|--|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (%) Points) | Under the Proposal | Change (%) Points) | Under the Proposal |
| Less than 10 | 71.4 | 0.0 | 5.1 | 4.2 | -266 | -55.2 | -0.4 | 0.4 | -4.7 | 3.8 |
| 10-20 | 68.0 | 0.3 | 3.1 | 8.3 | -429 | -30.6 | -0.7 | 2.3 | -2.8 | 6.3 |
| 20-30 | 87.6 | 0.2 | 3.3 | 10.6 | -728 | -19.6 | -0.6 | 5.4 | -2.9 | 11.7 |
| 30-40 | 96.9 | 0.1 | 3.0 | 8.8 | -894 | -13.5 | -0.2 | 7.1 | -2.5 | 16.0 |
| 40-50 | 99.3 | 0.0 | 2.9 | 8.2 | -1,058 | -11.1 | 0.0 | 8.2 | -2.3 | 18.2 |
| 50-75 | 99.5 | 0.0 | 2.9 | 16.3 | -1,418 | -9.8 | 0.3 | 18.7 | -2.3 | 20.8 |
| 75-100 | 99.8 | 0.0 | 3.5 | 10.9 | -2,303 | -10.1 | 0.1 | 12.1 | -2.6 | 23.1 |
| 100-200 | 99.4 | 0.1 | 4.1 | 18.2 | -4,071 | -11.0 | 0.0 | 18.3 | -3.0 | 24.1 |
| 200-500 | 96.5 | 3.4 | 4.8 | 10.5 | -10,187 | -11.7 | -0.1 | 9.8 | -3.4 | 25.6 |
| 500-1,000 | 79.0 | 20.9 | 3.1 | 2.6 | -14,531 | -6.6 | 0.2 | 4.6 | -2.1 | 29.5 |
| More than 1,000 | 61.9 | 38.1 | 0.7 | 1.3 | -13,749 | -1.3 | 1.3 | 13.0 | -0.5 | 36.2 |
| All | 85.2 | 0.2 | 3.3 | 100.0 | -1,114 | -11.1 | 0.0 | 100.0 | -2.5 | 20.4 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

| Cash Income Level (thousands of 2009 dollars) ² | Tax Units ³ | | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After- Tax Income ⁴ (Dollars) | Average Federal Tax Rate ⁵ | Share of Pre- | Share of Post- | Share of |
|--|------------------------|---------------------|--------------------------------|---|--|---|---------------------|---------------------|----------|
| | Number (thousands) | Percent of Total | | | | | Percent of Total | Percent of Total | |
| Less than 10 | 12,093 | 17.5 | 5,684 | 483 | 5,201 | 8.5 | 2.3 | 2.7 | 0.8 |
| 10-20 | 14,849 | 21.5 | 15,322 | 1,400 | 13,922 | 9.1 | 7.5 | 8.9 | 3.0 |
| 20-30 | 11,214 | 16.3 | 25,573 | 3,710 | 21,863 | 14.5 | 9.5 | 10.5 | 6.0 |
| 30-40 | 7,581 | 11.0 | 36,006 | 6,645 | 29,360 | 18.5 | 9.0 | 9.6 | 7.3 |
| 40-50 | 5,967 | 8.7 | 46,386 | 9,506 | 36,879 | 20.5 | 9.2 | 9.4 | 8.2 |
| 50-75 | 8,814 | 12.8 | 62,955 | 14,498 | 48,457 | 23.0 | 18.4 | 18.3 | 18.4 |
| 75-100 | 3,620 | 5.3 | 88,784 | 22,839 | 65,945 | 25.7 | 10.7 | 10.3 | 11.9 |
| 100-200 | 3,425 | 5.0 | 136,925 | 37,103 | 99,822 | 27.1 | 15.5 | 14.7 | 18.3 |
| 200-500 | 789 | 1.1 | 299,674 | 86,825 | 212,849 | 29.0 | 7.8 | 7.2 | 9.9 |
| 500-1,000 | 138 | 0.2 | 695,858 | 220,104 | 475,753 | 31.6 | 3.2 | 2.8 | 4.4 |
| More than 1,000 | 75 | 0.1 | 2,961,621 | 1,085,900 | 1,875,721 | 36.7 | 7.4 | 6.1 | 11.8 |
| All | 68,932 | 100.0 | 43,878 | 10,073 | 33,804 | 23.0 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

(1) Calendar year. Baseline is current law. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years; (j) limit value of itemized deduction to 28 percent; (k) maintain the estate tax at its 2009 parameters; (l) extend the 2001 and 2003 tax cuts for low and middle income individuals (marriage penalty relief, the 10, 15, 25, 28 percent brackets, the 15 percent rate on capital gains and qualified dividends for taxpayers in those brackets, the \$1,000 child tax credit, and the expanded child and dependent care credit). Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

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Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Married Tax Units Filing Jointly

| Cash Income Level (thousands of 2009 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|----------------------|--|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Less than 10 | 59.6 | 0.0 | 6.5 | 0.3 | -292 | -115.7 | 0.0 | 0.0 | -6.2 | -0.8 |
| 10-20 | 73.4 | 0.0 | 5.7 | 1.8 | -880 | -158.6 | -0.2 | -0.1 | -5.5 | -2.0 |
| 20-30 | 81.2 | 0.3 | 6.2 | 3.5 | -1,492 | -83.1 | -0.4 | 0.1 | -5.8 | 1.2 |
| 30-40 | 87.2 | 0.5 | 5.7 | 4.0 | -1,851 | -50.1 | -0.4 | 0.5 | -5.1 | 5.1 |
| 40-50 | 92.1 | 0.2 | 5.1 | 4.2 | -2,088 | -35.3 | -0.4 | 0.9 | -4.5 | 8.2 |
| 50-75 | 98.6 | 0.1 | 4.2 | 11.1 | -2,307 | -22.1 | -0.7 | 4.8 | -3.6 | 12.6 |
| 75-100 | 99.8 | 0.0 | 4.1 | 13.5 | -3,010 | -17.1 | -0.6 | 7.9 | -3.3 | 16.2 |
| 100-200 | 100.0 | 0.0 | 4.7 | 40.3 | -5,046 | -14.9 | -1.3 | 28.0 | -3.6 | 20.3 |
| 200-500 | 99.4 | 0.6 | 3.5 | 18.3 | -7,446 | -9.5 | 0.3 | 21.2 | -2.5 | 24.2 |
| 500-1,000 | 78.2 | 21.8 | 1.0 | 2.2 | -5,022 | -2.6 | 0.9 | 10.1 | -0.7 | 27.3 |
| More than 1,000 | 57.1 | 42.9 | 0.2 | 0.8 | -3,800 | -0.4 | 2.8 | 26.5 | -0.1 | 33.2 |
| All | 92.9 | 0.8 | 3.5 | 100.0 | -3,324 | -10.8 | 0.0 | 100.0 | -2.6 | 21.7 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

| Cash Income Level (thousands of 2009 dollars) ² | Tax Units ³ | | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After- Tax Income ⁴ (Dollars) | Average Federal Tax Rate ⁵ | Share of Pre- | Share of Post- | Share of |
|--|------------------------|---------------------|--------------------------------|---|--|---|-----------------------------------|-----------------------------------|--------------------------------------|
| | Number (thousands) | Percent of Total | | | | | Tax Income Percent of Total | Tax Income Percent of Total | Federal Taxes Percent of Total |
| Less than 10 | 2,164 | 3.5 | 4,748 | 253 | 4,495 | 5.3 | 0.1 | 0.2 | 0.0 |
| 10-20 | 4,064 | 6.6 | 15,973 | 555 | 15,418 | 3.5 | 0.8 | 1.1 | 0.1 |
| 20-30 | 4,828 | 7.9 | 25,857 | 1,795 | 24,062 | 6.9 | 1.6 | 2.0 | 0.5 |
| 30-40 | 4,406 | 7.2 | 36,192 | 3,696 | 32,495 | 10.2 | 2.1 | 2.5 | 0.9 |
| 40-50 | 4,057 | 6.6 | 46,612 | 5,909 | 40,704 | 12.7 | 2.5 | 2.8 | 1.3 |
| 50-75 | 9,840 | 16.0 | 64,984 | 10,462 | 54,522 | 16.1 | 8.3 | 9.2 | 5.5 |
| 75-100 | 9,114 | 14.9 | 90,400 | 17,634 | 72,767 | 19.5 | 10.7 | 11.3 | 8.5 |
| 100-200 | 16,285 | 26.5 | 141,926 | 33,901 | 108,025 | 23.9 | 29.9 | 30.1 | 29.3 |
| 200-500 | 4,998 | 8.2 | 294,061 | 78,523 | 215,538 | 26.7 | 19.0 | 18.4 | 20.9 |
| 500-1,000 | 880 | 1.4 | 704,704 | 197,246 | 507,457 | 28.0 | 8.0 | 7.6 | 9.2 |
| More than 1,000 | 437 | 0.7 | 3,067,872 | 1,022,576 | 2,045,296 | 33.3 | 17.3 | 15.3 | 23.7 |
| All | 61,357 | 100.0 | 126,020 | 30,683 | 95,337 | 24.4 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

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Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Head of Household Tax Units

| Cash Income Level (thousands of 2009 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|----------------------|--|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Less than 10 | 84.9 | 0.0 | 8.4 | 3.6 | -597 | 117.3 | -1.4 | -2.2 | -9.0 | -16.7 |
| 10-20 | 90.1 | 0.0 | 7.2 | 14.2 | -1,160 | 161.8 | -5.4 | -7.5 | -7.5 | -12.1 |
| 20-30 | 97.0 | 0.1 | 6.6 | 18.6 | -1,605 | -118.9 | -4.8 | -1.0 | -6.2 | -1.0 |
| 30-40 | 99.0 | 0.0 | 5.7 | 16.5 | -1,788 | -39.2 | -2.0 | 8.4 | -5.0 | 7.7 |
| 40-50 | 99.2 | 0.1 | 4.7 | 10.9 | -1,823 | -23.8 | 0.1 | 11.4 | -3.9 | 12.6 |
| 50-75 | 99.7 | 0.0 | 4.2 | 18.6 | -2,126 | -17.4 | 2.6 | 29.0 | -3.4 | 16.1 |
| 75-100 | 99.5 | 0.0 | 4.0 | 9.3 | -2,729 | -13.6 | 2.5 | 19.4 | -3.1 | 19.5 |
| 100-200 | 99.8 | 0.0 | 3.0 | 6.5 | -2,975 | -9.0 | 3.7 | 21.6 | -2.3 | 22.7 |
| 200-500 | 94.6 | 5.4 | 2.2 | 1.7 | -4,719 | -6.2 | 1.7 | 8.5 | -1.6 | 24.1 |
| 500-1,000 | 60.4 | 39.6 | 0.4 | 0.1 | -2,160 | -1.2 | 0.8 | 3.4 | -0.3 | 26.4 |
| More than 1,000 | 46.4 | 53.6 | -0.1 | -0.1 | 2,194 | 0.2 | 2.2 | 8.9 | 0.1 | 34.2 |
| All | 95.4 | 0.1 | 4.8 | 100.0 | -1,669 | -24.7 | 0.0 | 100.0 | -4.0 | 12.2 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

| Cash Income Level (thousands of 2009 dollars) ² | Tax Units ³ | | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After- Tax Income ⁴ (Dollars) | Average Federal Tax Rate ⁵ | Share of Pre- | Share of Post- | Share of |
|--|------------------------|---------------------|--------------------------------|---|--|---|-----------------------------------|-----------------------------------|--------------------------------------|
| | Number (thousands) | Percent of Total | | | | | Tax Income Percent of Total | Tax Income Percent of Total | Federal Taxes Percent of Total |
| Less than 10 | 2,467 | 10.1 | 6,622 | -509 | 7,131 | -7.7 | 1.6 | 2.1 | -0.8 |
| 10-20 | 4,998 | 20.4 | 15,513 | -717 | 16,230 | -4.6 | 7.6 | 9.4 | -2.2 |
| 20-30 | 4,757 | 19.4 | 25,869 | 1,351 | 24,518 | 5.2 | 12.0 | 13.6 | 3.9 |
| 30-40 | 3,777 | 15.4 | 36,040 | 4,562 | 31,478 | 12.7 | 13.3 | 13.8 | 10.4 |
| 40-50 | 2,442 | 10.0 | 46,392 | 7,663 | 38,730 | 16.5 | 11.1 | 11.0 | 11.3 |
| 50-75 | 3,577 | 14.6 | 62,829 | 12,250 | 50,579 | 19.5 | 21.9 | 21.1 | 26.4 |
| 75-100 | 1,399 | 5.7 | 88,811 | 20,042 | 68,768 | 22.6 | 12.1 | 11.2 | 16.9 |
| 100-200 | 895 | 3.7 | 132,422 | 33,071 | 99,351 | 25.0 | 11.6 | 10.4 | 17.8 |
| 200-500 | 150 | 0.6 | 294,067 | 75,703 | 218,363 | 25.7 | 4.3 | 3.8 | 6.9 |
| 500-1,000 | 24 | 0.1 | 684,765 | 182,588 | 502,177 | 26.7 | 1.6 | 1.4 | 2.6 |
| More than 1,000 | 11 | 0.0 | 2,969,130 | 1,013,529 | 1,955,600 | 34.1 | 3.2 | 2.5 | 6.7 |
| All | 24,547 | 100.0 | 41,760 | 6,757 | 35,003 | 16.2 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

(1) Calendar year. Baseline is current law. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years; (j) limit value of itemized deduction to 28 percent; (k) maintain the estate tax at its 2009 parameters; (l) extend the 2001 and 2003 tax cuts for low and middle income individuals (marriage penalty relief, the 10, 15, 25, 28 percent brackets, the 15 percent rate on capital gains and qualified dividends for taxpayers in those brackets, the \$1,000 child tax credit, and the expanded child and dependent care credit). Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

(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.

Table T09-0282
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Tax Units with Children

| Cash Income Level (thousands of 2009 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|----------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Less than 10 | 84.0 | 0.0 | 9.2 | 1.2 | -640 | 91.1 | -0.2 | -0.4 | -10.3 | -21.6 |
| 10-20 | 96.8 | 0.0 | 8.6 | 5.2 | -1,457 | 115.9 | -1.0 | -1.6 | -9.3 | -17.3 |
| 20-30 | 99.0 | 0.1 | 8.7 | 7.8 | -2,167 | -249.7 | -1.2 | -0.8 | -8.4 | -5.0 |
| 30-40 | 99.6 | 0.0 | 7.7 | 7.6 | -2,441 | -58.5 | -1.0 | 0.9 | -6.8 | 4.8 |
| 40-50 | 99.7 | 0.1 | 6.6 | 6.3 | -2,600 | -35.4 | -0.6 | 1.9 | -5.6 | 10.2 |
| 50-75 | 99.9 | 0.0 | 5.3 | 13.1 | -2,794 | -23.7 | -0.9 | 7.1 | -4.4 | 14.0 |
| 75-100 | 100.0 | 0.0 | 5.0 | 13.0 | -3,539 | -18.7 | -0.5 | 9.5 | -3.9 | 17.0 |
| 100-200 | 100.0 | 0.0 | 5.1 | 32.6 | -5,489 | -16.0 | -0.6 | 28.7 | -3.9 | 20.4 |
| 200-500 | 99.1 | 0.8 | 3.4 | 12.6 | -7,164 | -9.0 | 1.3 | 21.3 | -2.5 | 24.7 |
| 500-1,000 | 72.1 | 27.9 | 0.7 | 1.0 | -3,373 | -1.6 | 1.3 | 9.7 | -0.5 | 29.2 |
| More than 1,000 | 46.6 | 53.4 | -0.1 | -0.4 | 2,769 | 0.3 | 3.5 | 23.7 | 0.1 | 34.8 |
| All | 97.9 | 0.5 | 4.4 | 100.0 | -3,217 | -14.4 | 0.0 | 100.0 | -3.4 | 20.1 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

| Cash Income Level (thousands of 2009 dollars) ² | Tax Units ³ | | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After- Tax Income ⁴ (Dollars) | Average Federal Tax Rate ⁵ | 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 |
| Less than 10 | 2,948 | 6.0 | 6,225 | -702 | 6,927 | -11.3 | 0.4 | 0.6 | -0.2 |
| 10-20 | 5,596 | 11.4 | 15,695 | -1,257 | 16,952 | -8.0 | 1.9 | 2.6 | -0.6 |
| 20-30 | 5,687 | 11.6 | 25,809 | 868 | 24,941 | 3.4 | 3.1 | 4.0 | 0.5 |
| 30-40 | 4,892 | 10.0 | 36,039 | 4,173 | 31,866 | 11.6 | 3.8 | 4.3 | 1.9 |
| 40-50 | 3,846 | 7.8 | 46,542 | 7,336 | 39,205 | 15.8 | 3.8 | 4.2 | 2.6 |
| 50-75 | 7,413 | 15.1 | 64,136 | 11,798 | 52,338 | 18.4 | 10.1 | 10.8 | 7.9 |
| 75-100 | 5,821 | 11.8 | 90,376 | 18,883 | 71,492 | 20.9 | 11.2 | 11.6 | 10.0 |
| 100-200 | 9,378 | 19.1 | 141,540 | 34,321 | 107,220 | 24.3 | 28.3 | 28.0 | 29.2 |
| 200-500 | 2,778 | 5.7 | 292,361 | 79,483 | 212,878 | 27.2 | 17.3 | 16.5 | 20.1 |
| 500-1,000 | 445 | 0.9 | 702,705 | 208,478 | 494,227 | 29.7 | 6.7 | 6.1 | 8.4 |
| More than 1,000 | 207 | 0.4 | 3,097,146 | 1,074,354 | 2,022,791 | 34.7 | 13.7 | 11.7 | 20.2 |
| All | 49,155 | 100.0 | 95,419 | 22,395 | 73,024 | 23.5 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

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 would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years;
- (j) limit value of itemized deduction to 28 percent; (k) maintain the estate tax at its 2009 parameters; (l) extend the 2001 and 2003 tax cuts for low and middle income individuals (marriage penalty relief, the 10, 15, 25, 28 percent brackets, the 15 percent rate on capital gains and qualified dividends for taxpayers in those brackets, the \$1,000 child tax credit, and the expanded child and dependent care credit). Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.
- (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.

Table T09-0282
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Elderly Tax Units

| Cash Income Level (thousands of 2009 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|----------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Less than 10 | 33.3 | 0.0 | 0.9 | 0.3 | -58 | -29.0 | 0.0 | 0.1 | -0.9 | 2.2 |
| 10-20 | 35.5 | 0.1 | 0.7 | 1.3 | -109 | -25.3 | -0.1 | 0.5 | -0.7 | 2.1 |
| 20-30 | 64.3 | 0.2 | 1.3 | 3.0 | -320 | -24.6 | -0.2 | 1.2 | -1.3 | 3.9 |
| 30-40 | 79.7 | 0.2 | 1.4 | 2.7 | -475 | -19.3 | -0.1 | 1.5 | -1.3 | 5.5 |
| 40-50 | 86.4 | 0.2 | 2.3 | 4.1 | -970 | -25.2 | -0.3 | 1.6 | -2.1 | 6.2 |
| 50-75 | 96.9 | 0.1 | 2.7 | 12.3 | -1,500 | -19.7 | -0.7 | 6.6 | -2.3 | 9.5 |
| 75-100 | 99.2 | 0.0 | 3.4 | 11.9 | -2,560 | -18.4 | -0.6 | 6.9 | -2.9 | 12.8 |
| 100-200 | 99.7 | 0.1 | 4.7 | 29.5 | -5,237 | -17.5 | -1.3 | 18.2 | -3.7 | 17.5 |
| 200-500 | 99.3 | 0.7 | 5.1 | 24.1 | -11,423 | -14.3 | -0.6 | 18.8 | -3.8 | 22.5 |
| 500-1,000 | 88.0 | 12.0 | 2.6 | 6.1 | -13,343 | -6.8 | 0.6 | 11.0 | -1.9 | 26.0 |
| More than 1,000 | 70.9 | 29.1 | 0.9 | 4.7 | -19,061 | -1.8 | 3.3 | 33.6 | -0.6 | 33.7 |
| All | 71.6 | 0.4 | 2.9 | 100.0 | -1,757 | -11.6 | 0.0 | 100.0 | -2.3 | 17.7 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

| Cash Income Level (thousands of 2009 dollars) ² | Tax Units ³ | | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After- Tax Income ⁴ (Dollars) | Average Federal Tax Rate ⁵ | 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 |
| Less than 10 | 2,290 | 7.5 | 6,340 | 200 | 6,140 | 3.2 | 0.6 | 0.8 | 0.1 |
| 10-20 | 6,436 | 21.1 | 15,603 | 430 | 15,173 | 2.8 | 4.3 | 5.3 | 0.6 |
| 20-30 | 5,081 | 16.6 | 25,455 | 1,301 | 24,154 | 5.1 | 5.6 | 6.6 | 1.4 |
| 30-40 | 3,028 | 9.9 | 35,926 | 2,459 | 33,467 | 6.8 | 4.7 | 5.5 | 1.6 |
| 40-50 | 2,243 | 7.3 | 46,389 | 3,849 | 42,540 | 8.3 | 4.5 | 5.2 | 1.9 |
| 50-75 | 4,407 | 14.4 | 64,259 | 7,632 | 56,627 | 11.9 | 12.2 | 13.5 | 7.3 |
| 75-100 | 2,503 | 8.2 | 88,731 | 13,877 | 74,854 | 15.6 | 9.6 | 10.1 | 7.5 |
| 100-200 | 3,022 | 9.9 | 141,022 | 29,872 | 111,151 | 21.2 | 18.4 | 18.2 | 19.5 |
| 200-500 | 1,130 | 3.7 | 303,653 | 79,640 | 224,013 | 26.2 | 14.8 | 13.7 | 19.4 |
| 500-1,000 | 246 | 0.8 | 708,629 | 197,347 | 511,283 | 27.9 | 7.5 | 6.8 | 10.5 |
| More than 1,000 | 132 | 0.4 | 3,089,249 | 1,059,059 | 2,030,190 | 34.3 | 17.7 | 14.5 | 30.2 |
| All | 30,543 | 100.0 | 75,737 | 15,182 | 60,555 | 20.1 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

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 would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years;
- (j) limit value of itemized deduction to 28 percent; (k) maintain the estate tax at its 2009 parameters; (l) extend the 2001 and 2003 tax cuts for low and middle income individuals (marriage penalty relief, the 10, 15, 25, 28 percent brackets, the 15 percent rate on capital gains and qualified dividends for taxpayers in those brackets, the \$1,000 child tax credit, and the expanded child and dependent care credit). Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.
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- (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.