

Table T09-0289
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Percentile, 2012 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	68.4	0.1	4.1	9,419.0	-454	-3.9	0.7
Second Quintile	77.3	0.2	2.3	11,360.0	-603	-2.1	8.2
Middle Quintile	85.9	0.1	1.5	11,243.8	-654	-1.3	15.0
Fourth Quintile	87.8	0.3	1.0	10,314.1	-718	-0.8	18.4
Top Quintile	62.4	13.0	-1.6	-42,386.3	3,374	1.2	26.1
All	75.6	2.1	0.0	100.0	-1	0.0	20.7
Addendum							
80-90	78.3	0.3	0.7	4,903.3	-776	-0.6	21.1
90-95	75.7	0.7	0.4	1,719.0	-556	-0.3	22.4
95-99	19.9	41.3	-0.7	-4,709.9	1,876	0.5	25.2
Top 1 Percent	7.4	87.0	-5.3	-44,298.7	69,046	3.8	32.4
Top 0.1 Percent	0.9	97.5	-6.7	-24,967.9	386,102	4.6	35.8

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

Number of AMT Taxpayers (millions). Baseline: 5.1

Proposal: 4.1

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. 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) reinstate the 39.6 percent bracket; (h) 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;

(i) 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; (j) 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; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters.

(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% \$19,429, 40% \$37,634, 60% \$65,903, 80% \$112,079, 90% \$162,348, 95% \$227,254, 99% \$601,435, 99.9% \$2,737,383.

(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, 2012¹
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	68.4	0.1	4.1	9,419.0	-454	-84.3	-0.7	0.1	-3.9	0.7
Second Quintile	77.3	0.2	2.3	11,360.0	-603	-20.3	-0.9	3.3	-2.1	8.2
Middle Quintile	85.9	0.1	1.5	11,243.8	-654	-7.7	-0.8	10.1	-1.3	15.0
Fourth Quintile	87.8	0.3	1.0	10,314.1	-718	-4.2	-0.8	17.6	-0.8	18.4
Top Quintile	62.4	13.0	-1.6	-42,386.3	3,374	4.8	3.2	68.8	1.2	26.1
All	75.6	2.1	0.0	100.0	-1	0.0	0.0	100.0	0.0	20.7
Addendum										
80-90	78.3	0.3	0.7	4,903.3	-776	-2.6	-0.4	13.8	-0.6	21.1
90-95	75.7	0.7	0.4	1,719.0	-556	-1.3	-0.1	10.2	-0.3	22.4
95-99	19.9	41.3	-0.7	-4,709.9	1,876	2.2	0.4	16.3	0.5	25.2
Top 1 Percent	7.4	87.0	-5.3	-44,298.7	69,046	13.2	3.3	28.4	3.8	32.4
Top 0.1 Percent	0.9	97.5	-6.7	-24,967.9	386,102	14.8	1.9	14.5	4.6	35.8

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

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	38,450	24.4	11,600	539	11,062	4.6	3.7	4.5	0.8
Second Quintile	34,947	22.2	28,852	2,965	25,887	10.3	8.4	9.5	4.2
Middle Quintile	31,868	20.3	52,224	8,499	43,725	16.3	13.9	14.7	10.9
Fourth Quintile	26,646	16.9	88,978	17,046	71,932	19.2	19.8	20.2	18.3
Top Quintile	23,298	14.8	280,229	69,724	210,505	24.9	54.5	51.6	65.6
All	157,348	100.0	76,169	15,744	60,424	20.7	100.0	100.0	100.0
Addendum									
80-90	11,720	7.5	138,385	29,966	108,419	21.7	13.5	13.4	14.2
90-95	5,734	3.6	196,549	44,562	151,986	22.7	9.4	9.2	10.3
95-99	4,655	3.0	345,574	85,080	260,494	24.6	13.4	12.8	16.0
Top 1 Percent	1,190	0.8	1,825,188	522,580	1,302,608	28.6	18.1	16.3	25.1
Top 0.1 Percent	120	0.1	8,367,274	2,606,053	5,761,221	31.2	8.4	7.3	12.6

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

Number of AMT Taxpayers (millions). Baseline: 5.1 Proposal: 4.1

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. 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) reinstate the 39.6 percent bracket; (h) 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;

(i) 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; (j) 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; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters.

(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 breaks are (in 2009 dollars): 20% \$19,429, 40% \$37,634, 60% \$65,903, 80% \$112,079, 90% \$162,348, 95% \$227,254, 99% \$601,435, 99.9% \$2,737,383.

(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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Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	73.9	0.0	5.5	10,125.4	-592	-486.7	-0.8	-0.6	-5.4	-4.3
Second Quintile	72.6	0.3	2.4	9,982.5	-572	-25.7	-0.8	2.2	-2.2	6.3
Middle Quintile	82.8	0.2	1.6	10,611.1	-630	-9.1	-0.8	7.9	-1.4	13.5
Fourth Quintile	87.8	0.2	1.1	10,975.5	-679	-4.7	-0.8	16.7	-0.9	17.8
Top Quintile	65.3	10.1	-1.5	-41,743.8	2,586	4.4	3.1	73.7	1.1	25.9
All	75.6	2.1	0.0	100.0	-1	0.0	0.0	100.0	0.0	20.7
Addendum										
80-90	86.7	0.1	0.7	5,396.6	-666	-2.6	-0.4	15.1	-0.6	21.2
90-95	65.5	0.3	0.3	1,760.4	-433	-1.1	-0.1	11.6	-0.3	22.7
95-99	24.5	29.9	-0.6	-4,421.5	1,380	1.9	0.3	17.6	0.5	24.9
Top 1 Percent	8.1	83.9	-5.1	-44,479.3	57,429	12.8	3.3	29.5	3.6	32.1
Top 0.1 Percent	2.0	95.4	-6.6	-25,567.1	332,964	14.6	1.9	15.0	4.5	35.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

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	31,706	20.2	10,935	122	10,814	1.1	2.9	3.6	0.2
Second Quintile	32,349	20.6	26,208	2,223	23,984	8.5	7.1	8.2	2.9
Middle Quintile	31,237	19.9	46,322	6,902	39,421	14.9	12.1	13.0	8.7
Fourth Quintile	29,980	19.1	77,565	14,488	63,078	18.7	19.4	19.9	17.5
Top Quintile	29,936	19.0	235,547	58,395	177,152	24.8	58.8	55.8	70.6
All	157,348	100.0	76,169	15,744	60,424	20.7	100.0	100.0	100.0
Addendum									
80-90	15,019	9.6	117,658	25,599	92,059	21.8	14.7	14.5	15.5
90-95	7,540	4.8	167,170	38,369	128,801	23.0	10.5	10.2	11.7
95-99	5,940	3.8	294,212	71,947	222,265	24.5	14.6	13.9	17.3
Top 1 Percent	1,436	0.9	1,584,726	450,452	1,134,273	28.4	19.0	17.1	26.1
Top 0.1 Percent	142	0.1	7,360,192	2,275,063	5,085,130	30.9	8.7	7.6	13.1

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

Number of AMT Taxpayers (millions). Baseline: 5.1 Proposal: 4.1

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. 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) reinstate the 39.6 percent bracket; (h) 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;

(i) 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; (j) 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; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters.

(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% \$13,268, 40% \$24,875, 60% \$42,021, 80% \$68,444, 90% \$98,198, 95% \$139,231, 99% \$363,345, 99.9% \$1,676,752.

(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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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	67.9	0.0	4.1	45.1	-318	-53.4	-0.8	0.8	-3.8	3.3
Second Quintile	61.0	0.3	1.8	41.6	-321	-15.0	-0.7	4.5	-1.6	9.1
Middle Quintile	78.3	0.0	1.5	50.9	-434	-7.6	-0.7	12.0	-1.3	15.5
Fourth Quintile	84.5	0.0	1.0	41.3	-428	-3.7	-0.4	20.7	-0.8	19.9
Top Quintile	57.1	5.4	-0.9	-79.8	993	2.6	2.7	61.8	0.7	26.2
All	68.7	0.8	0.5	100.0	-173	-1.9	0.0	100.0	-0.4	20.5
Addendum										
80-90	82.7	0.0	0.6	16.8	-397	-2.0	0.0	15.7	-0.5	22.8
90-95	42.9	0.0	0.2	2.7	-137	-0.5	0.2	11.1	-0.1	24.2
95-99	13.9	12.7	-0.1	-2.4	163	0.3	0.3	14.5	0.1	24.4
Top 1 Percent	5.9	80.0	-4.3	-96.9	32,055	10.0	2.2	20.6	3.0	33.3
Top 0.1 Percent	0.8	96.0	-6.5	-60.0	226,372	12.8	1.3	10.2	4.3	38.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

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	16,972	24.6	8,380	595	7,785	7.1	4.7	5.5	1.6
Second Quintile	15,474	22.5	19,970	2,136	17,835	10.7	10.2	11.5	5.2
Middle Quintile	14,005	20.3	34,261	5,750	28,511	16.8	15.9	16.7	12.8
Fourth Quintile	11,543	16.8	55,833	11,543	44,290	20.7	21.3	21.4	21.1
Top Quintile	9,596	13.9	151,979	38,847	113,132	25.6	48.2	45.3	59.1
All	68,932	100.0	43,878	9,146	34,731	20.8	100.0	100.0	100.0
Addendum									
80-90	5,066	7.4	84,037	19,540	64,497	23.3	14.1	13.7	15.7
90-95	2,373	3.4	119,032	28,971	90,061	24.3	9.3	8.9	10.9
95-99	1,795	2.6	204,548	49,655	154,893	24.3	12.1	11.6	14.1
Top 1 Percent	361	0.5	1,060,631	320,963	739,669	30.3	12.7	11.2	18.4
Top 0.1 Percent	32	0.1	5,243,107	1,770,925	3,472,182	33.8	5.5	4.6	8.9

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

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(i) 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; (j) 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; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters.

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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	70.4	0.0	6.0	-22.4	-857	-656.0	-0.3	-0.3	-5.9	-5.0
Second Quintile	73.2	0.1	3.0	-32.4	-916	-35.2	-0.5	0.9	-2.7	5.1
Middle Quintile	81.8	0.4	1.7	-40.1	-886	-11.1	-0.7	4.8	-1.5	11.9
Fourth Quintile	89.0	0.4	1.2	-53.5	-901	-5.4	-1.0	14.1	-1.0	16.6
Top Quintile	70.8	12.5	-1.6	249.0	3,391	4.9	2.6	80.3	1.2	25.7
All	77.1	4.0	-0.4	100.0	413	1.5	0.0	100.0	0.3	21.7
Addendum										
80-90	91.6	0.1	0.8	-30.4	-869	-3.0	-0.7	14.9	-0.6	20.5
90-95	78.2	0.4	0.4	-11.3	-592	-1.4	-0.4	12.3	-0.3	22.2
95-99	30.3	37.0	-0.8	29.7	1,934	2.3	0.2	19.6	0.6	25.1
Top 1 Percent	9.3	84.7	-5.2	261.0	65,151	13.3	3.5	33.5	3.7	31.7
Top 0.1 Percent	2.5	95.0	-6.5	145.1	359,327	15.0	2.0	16.8	4.6	34.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

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	6,622	10.8	14,526	131	14,395	0.9	1.2	1.6	0.1
Second Quintile	8,956	14.6	33,405	2,606	30,798	7.8	3.9	4.5	1.4
Middle Quintile	11,470	18.7	59,671	7,959	51,712	13.3	8.9	9.8	5.5
Fourth Quintile	15,032	24.5	95,023	16,700	78,322	17.6	18.5	19.4	15.2
Top Quintile	18,609	30.3	281,842	69,156	212,686	24.5	67.8	65.1	77.7
All	61,357	100.0	126,020	26,988	99,032	21.4	100.0	100.0	100.0
Addendum									
80-90	8,860	14.4	138,312	29,223	109,089	21.1	15.9	15.9	15.6
90-95	4,843	7.9	192,091	43,217	148,874	22.5	12.0	11.9	12.6
95-99	3,890	6.3	337,723	82,834	254,888	24.5	17.0	16.3	19.5
Top 1 Percent	1,015	1.7	1,748,464	488,983	1,259,482	28.0	23.0	21.0	30.0
Top 0.1 Percent	102	0.2	7,890,377	2,392,574	5,497,804	30.3	10.5	9.3	14.8

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

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. 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) reinstate the 39.6 percent bracket; (h) 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; .

(i) 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; (j) 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; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters

(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% \$13,268, 40% \$24,875, 60% \$42,021, 80% \$68,444, 90% \$98,198, 95% \$139,231, 99% \$363,345, 99.9% \$1,676,752.

(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 T09-0289
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	89.3	0.0	6.7	48.1	-970	102.4	-6.8	-12.0	-7.2	-14.2
Second Quintile	94.8	0.4	2.4	32.6	-688	-36.9	-2.9	7.1	-2.3	3.9
Middle Quintile	95.4	0.2	1.4	19.8	-614	-8.1	1.0	28.5	-1.2	13.9
Fourth Quintile	93.7	0.0	0.9	10.2	-579	-3.9	2.5	32.1	-0.8	18.8
Top Quintile	46.2	7.2	-1.0	-10.7	1,357	3.1	6.2	44.3	0.8	25.0
All	90.3	0.5	1.8	100.0	-645	-11.2	0.0	100.0	-1.5	12.2
Addendum										
80-90	58.2	0.0	0.3	1.3	-253	-1.0	1.7	16.4	-0.2	22.6
90-95	38.2	0.1	0.2	0.4	-276	-0.8	0.7	6.6	-0.2	23.1
95-99	9.5	33.8	-0.6	-1.4	1,269	2.0	1.2	9.1	0.5	23.7
Top 1 Percent	1.2	92.2	-5.2	-11.0	52,479	12.9	2.6	12.2	3.7	32.4
Top 0.1 Percent	0.6	98.8	-6.6	-5.8	316,242	14.7	1.3	5.8	4.6	35.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

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	7,840	31.9	13,490	-948	14,438	-7.0	10.3	12.8	-5.3
Second Quintile	7,497	30.5	30,617	1,865	28,752	6.1	22.4	24.4	9.9
Middle Quintile	5,095	20.8	50,275	7,613	42,662	15.1	25.0	24.6	27.5
Fourth Quintile	2,777	11.3	76,881	15,008	61,873	19.5	20.8	19.4	29.6
Top Quintile	1,242	5.1	178,521	43,246	135,275	24.2	21.6	19.0	38.1
All	24,547	100.0	41,760	5,737	36,023	13.7	100.0	100.0	100.0
Addendum									
80-90	805	3.3	112,763	25,716	87,047	22.8	8.9	7.9	14.7
90-95	232	0.9	154,893	36,112	118,781	23.3	3.5	3.1	5.9
95-99	173	0.7	278,418	64,664	213,753	23.2	4.7	4.2	7.9
Top 1 Percent	33	0.1	1,423,600	408,225	1,015,375	28.7	4.6	3.8	9.6
Top 0.1 Percent	3	0.0	6,950,503	2,156,464	4,794,039	31.0	2.0	1.6	4.5

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

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. 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) reinstate the 39.6 percent bracket; (h) 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;

(i) 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; (j) 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; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters.

(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% \$13,268, 40% \$24,875, 60% \$42,021, 80% \$68,444, 90% \$98,198, 95% \$139,231, 99% \$363,345, 99.9% \$1,676,752.

(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 T09-0289
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	94.2	0.0	7.6	171.8	-1,208	94.5	-1.3	-2.7	-8.2	-16.9
Second Quintile	98.4	0.2	3.2	150.0	-1,031	-48.5	-1.1	1.2	-3.0	3.2
Middle Quintile	98.5	0.3	1.8	135.8	-943	-10.0	-1.0	9.2	-1.5	13.7
Fourth Quintile	97.8	0.7	1.1	131.3	-954	-4.9	-0.8	19.4	-0.9	18.1
Top Quintile	66.3	15.7	-1.8	-490.4	4,201	5.4	4.2	72.7	1.4	27.0
All	91.6	2.9	0.2	100.0	-145	-0.8	0.0	100.0	-0.2	20.1
Addendum										
80-90	91.7	0.1	0.8	57.0	-923	-2.6	-0.3	15.9	-0.6	21.7
90-95	63.3	1.1	0.3	12.2	-439	-0.8	0.0	10.9	-0.2	23.1
95-99	13.7	59.0	-1.3	-86.9	3,947	3.8	0.8	17.8	1.0	26.8
Top 1 Percent	4.1	93.7	-6.1	-472.7	90,029	14.6	3.8	28.1	4.3	33.9
Top 0.1 Percent	0.4	99.2	-7.0	-239.8	473,973	15.4	1.9	13.6	4.8	36.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

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	10,133	20.6	14,723	-1,278	16,001	-8.7	3.2	4.3	-1.4
Second Quintile	10,359	21.1	34,672	2,128	32,544	6.1	7.7	9.0	2.3
Middle Quintile	10,251	20.9	62,298	9,454	52,844	15.2	13.6	14.5	10.2
Fourth Quintile	9,800	19.9	103,142	19,657	83,484	19.1	21.6	21.9	20.3
Top Quintile	8,315	16.9	306,063	78,281	227,782	25.6	54.3	50.7	68.5
All	49,155	100.0	95,419	19,342	76,077	20.3	100.0	100.0	100.0
Addendum									
80-90	4,398	9.0	157,496	35,098	122,398	22.3	14.8	14.4	16.2
90-95	1,976	4.0	224,546	52,389	172,157	23.3	9.5	9.1	10.9
95-99	1,567	3.2	400,356	103,272	297,084	25.8	13.4	12.5	17.0
Top 1 Percent	374	0.8	2,088,455	618,103	1,470,352	29.6	16.7	14.7	24.3
Top 0.1 Percent	36	0.1	9,839,694	3,076,390	6,763,304	31.3	7.6	6.5	11.7

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. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. 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) reinstate the 39.6 percent bracket; (h) 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;

(i) 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; (j) 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; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters.

(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% \$13,268, 40% \$24,875, 60% \$42,021, 80% \$68,444, 90% \$98,198, 95% \$139,231, 99% \$363,345, 99.9% \$1,676,752.

(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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Table T09-0289
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	17.6	0.0	0.8	-3.1	-87	-33.0	-0.1	0.2	-0.8	1.6
Second Quintile	19.5	0.1	0.5	-5.8	-101	-11.8	-0.3	1.5	-0.5	3.3
Middle Quintile	30.7	0.1	0.4	-7.3	-172	-7.3	-0.4	3.2	-0.4	5.3
Fourth Quintile	45.4	0.1	0.5	-11.5	-296	-3.8	-0.8	9.9	-0.4	10.6
Top Quintile	33.7	11.2	-1.6	127.7	3,219	5.5	1.5	85.1	1.3	24.3
All	28.5	2.1	-0.7	100.0	464	3.6	0.0	100.0	0.6	17.8
Addendum										
80-90	45.5	0.0	0.3	-4.8	-277	-1.7	-0.5	9.5	-0.3	15.3
90-95	35.8	0.0	0.2	-2.2	-229	-0.8	-0.4	9.2	-0.2	18.2
95-99	19.1	20.8	-0.3	5.4	551	0.9	-0.5	20.0	0.2	22.1
Top 1 Percent	8.0	77.6	-4.2	129.2	42,191	10.6	3.0	46.3	3.0	31.5
Top 0.1 Percent	0.7	95.9	-6.1	81.8	273,373	13.3	2.1	24.0	4.2	35.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

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	5,016	16.4	10,899	263	10,636	2.4	2.4	2.8	0.3
Second Quintile	8,213	26.9	22,528	852	21,676	3.8	8.0	9.3	1.8
Middle Quintile	5,981	19.6	41,094	2,362	38,732	5.8	10.6	12.1	3.6
Fourth Quintile	5,495	18.0	70,238	7,742	62,496	11.0	16.7	17.9	10.7
Top Quintile	5,617	18.4	257,048	59,126	197,922	23.0	62.4	58.0	83.6
All	30,543	100.0	75,737	13,011	62,726	17.2	100.0	100.0	100.0
Addendum									
80-90	2,427	8.0	105,444	16,430	89,014	15.6	11.1	11.3	10.0
90-95	1,362	4.5	153,103	28,059	125,044	18.3	9.0	8.9	9.6
95-99	1,394	4.6	267,882	58,526	209,356	21.9	16.1	15.2	20.5
Top 1 Percent	434	1.4	1,396,961	397,527	999,434	28.5	26.2	22.6	43.4
Top 0.1 Percent	42	0.1	6,520,091	2,053,318	4,466,773	31.5	12.0	9.9	21.9

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. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. 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) reinstate the 39.6 percent bracket; (h) 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;

(i) 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; (j) 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; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters.

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