

**Table T09-0291**  
**Administration's Fiscal Year 2010 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2017<sup>1</sup>**  
**Summary Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
<b>Lowest Quintile</b>	68.0	0.2	4.3	5.3	-553	-4.1	1.4
<b>Second Quintile</b>	80.5	0.2	4.0	10.3	-1,167	-3.5	8.6
<b>Middle Quintile</b>	94.2	0.1	3.7	14.5	-1,821	-3.0	15.6
<b>Fourth Quintile</b>	99.3	0.0	4.4	23.9	-3,581	-3.4	19.1
<b>Top Quintile</b>	97.5	2.2	3.3	45.9	-7,931	-2.4	25.7
<b>All</b>	84.9	0.4	3.7	100.0	-2,538	-2.8	20.8
<b>Addendum</b>							
<b>80-90</b>	99.7	0.0	4.6	16.7	-5,731	-3.5	21.8
<b>90-95</b>	99.6	0.0	4.6	11.3	-7,911	-3.4	23.1
<b>95-99</b>	95.7	3.9	3.2	11.1	-9,577	-2.3	25.4
<b>Top 1 Percent</b>	72.5	27.2	1.6	6.9	-23,342	-1.1	30.1
<b>Top 0.1 Percent</b>	64.4	35.4	1.8	3.3	-111,114	-1.2	32.4

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

Number of AMT Taxpayers (millions). Baseline: 28.0

Proposal: 5.5

(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).

(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% \$20,846, 40% \$39,988, 60% \$71,590, 80% \$124,539, 90% \$180,564, 95% \$252,295, 99% \$660,987, 99.9% \$3,049,618.

(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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**Major Individual Income Tax Provisions**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2017<sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	68.0	0.2	4.3	5.3	-553	-74.1	-0.6	0.3	-4.1	1.4
<b>Second Quintile</b>	80.5	0.2	4.0	10.3	-1,167	-29.2	-0.8	3.4	-3.5	8.6
<b>Middle Quintile</b>	94.2	0.1	3.7	14.5	-1,821	-16.2	-0.5	10.3	-3.0	15.6
<b>Fourth Quintile</b>	99.3	0.0	4.4	23.9	-3,581	-15.0	-0.7	18.5	-3.4	19.1
<b>Top Quintile</b>	97.5	2.2	3.3	45.9	-7,931	-8.5	2.6	67.5	-2.4	25.7
<b>All</b>	84.9	0.4	3.7	100.0	-2,538	-12.0	0.0	100.0	-2.8	20.8
<b>Addendum</b>										
<b>80-90</b>	99.7	0.0	4.6	16.7	-5,731	-13.7	-0.3	14.4	-3.5	21.8
<b>90-95</b>	99.6	0.0	4.6	11.3	-7,911	-12.7	-0.1	10.6	-3.4	23.1
<b>95-99</b>	95.7	3.9	3.2	11.1	-9,577	-8.4	0.7	16.5	-2.3	25.4
<b>Top 1 Percent</b>	72.5	27.2	1.6	6.9	-23,342	-3.5	2.3	26.0	-1.1	30.1
<b>Top 0.1 Percent</b>	64.4	35.4	1.8	3.3	-111,114	-3.5	1.1	12.6	-1.2	32.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2017<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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							
<b>Lowest Quintile</b>	40,705	24.2	13,512	747	12,765	5.5	3.7	4.5	0.9
<b>Second Quintile</b>	37,758	22.5	33,137	4,000	29,138	12.1	8.3	9.6	4.3
<b>Middle Quintile</b>	33,915	20.2	60,464	11,239	49,224	18.6	13.7	14.5	10.8
<b>Fourth Quintile</b>	28,437	16.9	105,717	23,810	81,908	22.5	20.0	20.3	19.1
<b>Top Quintile</b>	24,688	14.7	332,349	93,169	239,180	28.0	54.6	51.4	64.9
<b>All</b>	168,027	100.0	89,404	21,091	68,313	23.6	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	12,437	7.4	165,657	41,847	123,811	25.3	13.7	13.4	14.7
<b>90-95</b>	6,069	3.6	235,719	62,244	173,475	26.4	9.5	9.2	10.7
<b>95-99</b>	4,926	2.9	410,513	114,015	296,498	27.8	13.5	12.7	15.9
<b>Top 1 Percent</b>	1,257	0.8	2,141,178	668,358	1,472,820	31.2	17.9	16.1	23.7
<b>Top 0.1 Percent</b>	128	0.1	9,468,938	3,182,923	6,286,015	33.6	8.1	7.0	11.5

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

Number of AMT Taxpayers (millions). Baseline: 28.0 Proposal: 5.5

(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 brackets, the \$1,000 child tax credit, and the expanded child and dependent care credit.

(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% \$20,846, 40% \$39,988, 60% \$71,590, 80% \$124,539, 90% \$180,564, 95% \$252,295, 99% \$660,987, 99.9% \$3,049,618.

(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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**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	73.2	0.0	6.1	5.9	-754	-184.4	-0.8	-0.4	-5.9	-2.7
<b>Second Quintile</b>	73.8	0.3	4.5	9.8	-1,192	-35.5	-0.9	2.4	-4.0	7.2
<b>Middle Quintile</b>	88.4	0.1	3.8	13.3	-1,686	-18.8	-0.7	7.9	-3.2	13.7
<b>Fourth Quintile</b>	98.6	0.0	4.2	22.1	-2,992	-14.7	-0.6	17.6	-3.2	18.8
<b>Top Quintile</b>	97.9	1.7	3.2	48.7	-6,554	-8.4	2.9	72.4	-2.3	25.5
<b>All</b>	84.9	0.4	3.7	100.0	-2,538	-12.0	0.0	100.0	-2.8	20.8
<b>Addendum</b>										
<b>80-90</b>	99.6	0.0	4.2	16.6	-4,451	-12.6	-0.1	15.7	-3.2	21.9
<b>90-95</b>	99.5	0.0	4.2	11.4	-6,132	-11.6	0.1	11.9	-3.1	23.3
<b>95-99</b>	96.8	2.8	3.4	12.7	-8,609	-8.9	0.6	17.8	-2.5	25.2
<b>Top 1 Percent</b>	75.7	23.6	1.7	7.9	-22,274	-3.9	2.3	27.0	-1.2	29.7
<b>Top 0.1 Percent</b>	65.6	34.1	1.8	3.6	-101,320	-3.6	1.2	13.2	-1.2	32.3

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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							
<b>Lowest Quintile</b>	33,450	19.9	12,732	409	12,323	3.2	2.8	3.6	0.4
<b>Second Quintile</b>	35,074	20.9	30,173	3,361	26,812	11.1	7.0	8.2	3.3
<b>Middle Quintile</b>	33,747	20.1	53,321	8,968	44,353	16.8	12.0	13.0	8.5
<b>Fourth Quintile</b>	31,556	18.8	92,353	20,325	72,029	22.0	19.4	19.8	18.1
<b>Top Quintile</b>	31,677	18.9	279,871	77,795	202,077	27.8	59.0	55.8	69.5
<b>All</b>	168,027	100.0	89,404	21,091	68,313	23.6	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	15,914	9.5	140,958	35,272	105,686	25.0	14.9	14.7	15.8
<b>90-95</b>	7,953	4.7	200,752	52,899	147,854	26.4	10.6	10.2	11.9
<b>95-99</b>	6,289	3.7	349,936	96,712	253,224	27.6	14.7	13.9	17.2
<b>Top 1 Percent</b>	1,520	0.9	1,857,869	574,843	1,283,026	30.9	18.8	17.0	24.7
<b>Top 0.1 Percent</b>	151	0.1	8,388,125	2,811,223	5,576,902	33.5	8.5	7.4	12.0

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

Number of AMT Taxpayers (millions). Baseline: 28.0

Proposal: 5.5

(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 (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).

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(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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**Detail Table - Single Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	68.0	0.0	4.1	6.6	-373	-49.1	-0.7	0.9	-3.8	3.9
<b>Second Quintile</b>	61.0	0.5	2.6	9.4	-542	-21.7	-0.6	4.4	-2.3	8.4
<b>Middle Quintile</b>	85.4	0.1	2.5	13.0	-839	-12.5	-0.1	11.8	-2.1	14.7
<b>Fourth Quintile</b>	98.6	0.0	3.1	19.0	-1,566	-10.2	0.3	21.7	-2.4	20.7
<b>Top Quintile</b>	98.5	0.8	4.0	51.9	-5,157	-10.0	1.1	61.1	-2.8	25.7
<b>All</b>	77.9	0.3	3.4	100.0	-1,346	-11.5	0.0	100.0	-2.6	20.1
<b>Addendum</b>										
<b>80-90</b>	99.4	0.0	3.8	15.3	-2,866	-10.8	0.1	16.4	-2.8	23.3
<b>90-95</b>	99.3	0.0	4.0	10.3	-4,169	-10.7	0.1	11.3	-2.9	24.3
<b>95-99</b>	98.2	0.9	5.1	16.7	-8,994	-13.1	-0.3	14.4	-3.7	24.3
<b>Top 1 Percent</b>	82.0	17.5	3.0	9.5	-25,105	-6.1	1.1	19.0	-2.0	30.9
<b>Top 0.1 Percent</b>	65.9	33.6	2.0	2.6	-78,546	-3.6	0.8	9.2	-1.3	35.2

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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							
<b>Lowest Quintile</b>	17,946	23.7	9,849	758	9,091	7.7	4.5	5.4	1.5
<b>Second Quintile</b>	17,740	23.4	23,350	2,497	20,853	10.7	10.7	12.3	5.0
<b>Middle Quintile</b>	15,791	20.8	39,855	6,686	33,169	16.8	16.2	17.4	11.9
<b>Fourth Quintile</b>	12,368	16.3	66,353	15,320	51,033	23.1	21.1	21.0	21.4
<b>Top Quintile</b>	10,255	13.5	181,320	51,805	129,515	28.6	47.8	44.2	60.0
<b>All</b>	75,772	100.0	51,323	11,682	39,641	22.8	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	5,447	7.2	101,176	26,484	74,692	26.2	14.2	13.5	16.3
<b>90-95</b>	2,527	3.3	143,504	39,048	104,456	27.2	9.3	8.8	11.2
<b>95-99</b>	1,895	2.5	245,016	68,565	176,451	28.0	11.9	11.1	14.7
<b>Top 1 Percent</b>	386	0.5	1,246,622	410,182	836,441	32.9	12.4	10.8	17.9
<b>Top 0.1 Percent</b>	34	0.0	6,069,456	2,211,723	3,857,733	36.4	5.3	4.3	8.4

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

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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 <http://www.taxpolicycenter.org/TaxModel/income.cfm>

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(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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**Detail Table - Married Tax Units Filing Jointly**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	70.6	0.0	7.8	3.1	-1,262	-169.9	-0.4	-0.2	-7.5	-3.1
Second Quintile	79.7	0.3	5.6	6.3	-1,919	-43.5	-0.6	1.0	-4.9	6.4
Middle Quintile	87.7	0.1	4.4	11.3	-2,575	-23.3	-0.7	4.7	-3.7	12.3
Fourth Quintile	98.4	0.0	4.7	24.4	-4,234	-17.4	-1.1	14.8	-3.7	17.6
Top Quintile	97.6	2.1	3.1	54.9	-7,494	-8.1	2.8	79.5	-2.2	25.3
All	89.8	0.7	3.7	100.0	-4,270	-11.3	0.0	100.0	-2.8	21.9
<b>Addendum</b>										
80-90	99.7	0.0	4.4	19.3	-5,526	-13.6	-0.4	15.7	-3.3	21.2
90-95	99.7	0.0	4.2	13.7	-7,208	-12.0	-0.1	12.8	-3.1	22.9
95-99	96.4	3.3	3.0	13.4	-8,665	-7.8	0.8	20.1	-2.2	25.5
Top 1 Percent	74.2	25.0	1.5	8.6	-21,536	-3.4	2.5	31.0	-1.0	29.5
Top 0.1 Percent	65.9	34.0	1.8	4.5	-110,179	-3.7	1.2	14.9	-1.2	31.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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	6,484	10.4	16,852	743	16,109	4.4	1.1	1.5	0.2
Second Quintile	8,750	14.0	38,883	4,410	34,473	11.3	3.6	4.2	1.6
Middle Quintile	11,696	18.7	69,198	11,056	58,142	16.0	8.5	9.4	5.5
Fourth Quintile	15,376	24.6	114,228	24,365	89,863	21.3	18.4	19.2	15.9
Top Quintile	19,603	31.3	335,346	92,481	242,865	27.6	68.7	66.1	76.7
All	62,623	100.0	152,719	37,733	114,985	24.7	100.0	100.0	100.0
<b>Addendum</b>									
80-90	9,331	14.9	165,784	40,693	125,091	24.6	16.2	16.2	16.1
90-95	5,082	8.1	230,762	60,142	170,620	26.1	12.3	12.0	12.9
95-99	4,122	6.6	400,541	110,587	289,954	27.6	17.3	16.6	19.3
Top 1 Percent	1,068	1.7	2,063,034	629,014	1,434,020	30.5	23.0	21.3	28.4
Top 0.1 Percent	109	0.2	9,022,743	2,971,911	6,050,832	32.9	10.3	9.1	13.7

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 (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).

(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% \$14,392, 40% \$26,987, 60% \$45,911, 80% \$76,270, 90% \$109,860, 95% \$155,381, 99% \$400,442, 99.9% \$1,863,666.

(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 T09-0291**  
**Administration's Fiscal Year 2010 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	85.4	0.0	7.2	19.9	-1,166	200.7	-6.3	-8.6	-7.5	-11.2
<b>Second Quintile</b>	93.9	0.0	5.7	29.1	-1,816	-45.2	-4.2	10.1	-5.1	6.2
<b>Middle Quintile</b>	97.2	0.0	4.6	24.3	-2,211	-20.3	0.7	27.3	-3.8	14.8
<b>Fourth Quintile</b>	99.2	0.0	3.7	16.2	-2,654	-12.8	3.4	31.5	-2.9	19.7
<b>Top Quintile</b>	97.0	2.1	2.6	10.4	-4,062	-7.0	6.5	39.6	-1.9	24.9
<b>All</b>	92.3	0.1	4.7	100.0	-1,887	-22.3	0.0	100.0	-3.9	13.5
<b>Addendum</b>										
<b>80-90</b>	99.1	0.0	3.2	5.3	-3,222	-9.4	2.1	14.7	-2.4	23.1
<b>90-95</b>	98.6	0.0	3.4	2.3	-4,756	-9.6	0.9	6.2	-2.5	23.9
<b>95-99</b>	92.7	7.1	2.1	1.8	-5,060	-5.9	1.5	8.4	-1.5	24.2
<b>Top 1 Percent</b>	61.7	38.1	1.2	1.0	-13,111	-2.7	2.1	10.3	-0.8	29.8
<b>Top 0.1 Percent</b>	62.4	37.5	1.4	0.5	-74,722	-2.8	0.9	4.5	-0.9	32.5

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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							
<b>Lowest Quintile</b>	8,770	32.3	15,647	-581	16,228	-3.7	10.3	12.9	-2.2
<b>Second Quintile</b>	8,213	30.2	35,755	4,019	31,736	11.2	22.0	23.7	14.3
<b>Middle Quintile</b>	5,633	20.7	58,874	10,903	47,971	18.5	24.9	24.5	26.6
<b>Fourth Quintile</b>	3,130	11.5	91,665	20,700	70,964	22.6	21.5	20.2	28.1
<b>Top Quintile</b>	1,317	4.9	216,103	57,895	158,208	26.8	21.4	18.9	33.1
<b>All</b>	27,175	100.0	49,021	8,483	40,539	17.3	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	845	3.1	135,186	34,457	100,729	25.5	8.6	7.7	12.6
<b>90-95</b>	247	0.9	188,332	49,666	138,666	26.4	3.5	3.1	5.3
<b>95-99</b>	187	0.7	332,770	85,427	247,343	25.7	4.7	4.2	6.9
<b>Top 1 Percent</b>	39	0.1	1,587,850	486,474	1,101,376	30.6	4.6	3.9	8.2
<b>Top 0.1 Percent</b>	3	0.0	7,937,589	2,653,545	5,284,044	33.4	1.9	1.5	3.6

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 (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).

(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% \$14,392, 40% \$26,987, 60% \$45,911, 80% \$76,270, 90% \$109,860, 95% \$155,381, 99% \$400,442, 99.9% \$1,863,666.

(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 T09-0291**  
**Administration's Fiscal Year 2010 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**  
**Detail Table - Tax Units with Children**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	93.9	0.0	9.1	8.6	-1,638	217.3	-1.5	-2.1	-9.5	-13.9
Second Quintile	99.0	0.0	7.1	13.5	-2,523	-51.8	-1.6	2.1	-6.3	5.8
Middle Quintile	99.7	0.0	5.6	17.3	-3,263	-23.5	-1.1	9.3	-4.5	14.7
Fourth Quintile	99.9	0.0	5.5	27.2	-5,159	-17.8	-0.9	20.7	-4.2	19.4
Top Quintile	96.7	3.2	3.0	33.3	-7,669	-7.3	5.2	69.9	-2.1	26.9
All	97.5	0.5	4.6	100.0	-3,893	-14.2	0.0	100.0	-3.4	20.9
<b>Addendum</b>										
80-90	100.0	0.0	4.7	15.0	-6,528	-13.1	0.2	16.3	-3.5	22.8
90-95	99.9	0.0	4.5	9.1	-8,762	-11.8	0.3	11.2	-3.2	24.2
95-99	92.0	7.8	2.1	5.9	-7,242	-5.2	1.7	17.6	-1.5	27.4
Top 1 Percent	61.7	38.1	1.0	3.3	-17,065	-2.2	3.1	24.8	-0.7	31.9
Top 0.1 Percent	56.5	43.3	1.5	2.0	-108,435	-2.9	1.3	11.2	-1.0	33.1

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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	10,432	20.5	17,171	-754	17,925	-4.4	3.1	4.3	-0.6
Second Quintile	10,570	20.8	40,353	4,875	35,478	12.1	7.4	8.6	3.7
Middle Quintile	10,488	20.6	72,386	13,902	58,485	19.2	13.2	14.1	10.4
Fourth Quintile	10,438	20.5	122,710	28,914	93,796	23.6	22.3	22.5	21.6
Top Quintile	8,587	16.9	362,965	105,397	257,569	29.0	54.2	50.9	64.8
All	50,838	100.0	113,062	27,494	85,567	24.3	100.0	100.0	100.0
<b>Addendum</b>									
80-90	4,538	8.9	189,201	49,670	139,531	26.3	14.9	14.6	16.1
90-95	2,056	4.0	270,179	74,176	196,003	27.5	9.7	9.3	10.9
95-99	1,608	3.2	478,067	138,355	339,711	28.9	13.4	12.6	15.9
Top 1 Percent	385	0.8	2,423,697	790,591	1,633,105	32.6	16.3	14.5	21.8
Top 0.1 Percent	36	0.1	11,187,796	3,808,070	7,379,726	34.0	7.1	6.2	9.9

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 (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).

(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% \$14,392, 40% \$26,987, 60% \$45,911, 80% \$76,270, 90% \$109,860, 95% \$155,381, 99% \$400,442, 99.9% \$1,863,666.

(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 T09-0291**  
**Administration's Fiscal Year 2010 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	19.0	0.1	0.9	0.8	-115	-37.7	-0.1	0.2	-0.9	1.5
<b>Second Quintile</b>	31.8	0.1	1.1	3.2	-263	-26.2	-0.2	1.4	-1.0	2.8
<b>Middle Quintile</b>	57.9	0.2	1.3	5.2	-568	-21.0	-0.3	3.1	-1.2	4.6
<b>Fourth Quintile</b>	93.8	0.1	3.1	14.8	-2,244	-19.6	-0.7	9.7	-2.7	10.9
<b>Top Quintile</b>	97.8	1.0	4.4	75.9	-9,577	-12.4	1.3	85.5	-3.2	22.7
<b>All</b>	56.9	0.3	3.3	100.0	-2,332	-13.8	0.0	100.0	-2.7	16.7
<b>Addendum</b>										
<b>80-90</b>	98.7	0.1	4.7	17.1	-4,796	-19.4	-0.8	11.4	-3.8	15.6
<b>90-95</b>	98.7	0.0	4.8	13.4	-6,887	-17.1	-0.4	10.4	-3.8	18.3
<b>95-99</b>	98.4	0.7	5.6	24.8	-13,293	-16.4	-0.6	20.1	-4.2	21.3
<b>Top 1 Percent</b>	87.2	11.1	3.1	20.7	-37,583	-7.0	3.2	43.5	-2.2	28.6
<b>Top 0.1 Percent</b>	76.0	23.8	2.5	7.4	-124,419	-5.0	2.1	22.7	-1.7	32.0

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2017<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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							
<b>Lowest Quintile</b>	5,486	15.6	12,851	304	12,547	2.4	2.3	2.8	0.3
<b>Second Quintile</b>	9,944	28.3	26,105	1,005	25,100	3.9	8.5	10.1	1.7
<b>Middle Quintile</b>	7,536	21.4	46,194	2,709	43,485	5.9	11.4	13.3	3.4
<b>Fourth Quintile</b>	5,425	15.4	84,549	11,422	73,127	13.5	15.0	16.1	10.4
<b>Top Quintile</b>	6,505	18.5	297,285	77,053	220,232	25.9	63.0	58.0	84.1
<b>All</b>	35,193	100.0	87,173	16,928	70,246	19.4	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	2,933	8.3	127,727	24,714	103,013	19.4	12.2	12.2	12.2
<b>90-95</b>	1,593	4.5	183,292	40,397	142,896	22.0	9.5	9.2	10.8
<b>95-99</b>	1,528	4.3	318,053	80,983	237,070	25.5	15.8	14.7	20.8
<b>Top 1 Percent</b>	451	1.3	1,732,517	533,680	1,198,837	30.8	25.5	21.9	40.4
<b>Top 0.1 Percent</b>	49	0.1	7,447,999	2,504,064	4,943,935	33.6	11.9	9.8	20.6

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 (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).

(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% \$14,392, 40% \$26,987, 60% \$45,911, 80% \$76,270, 90% \$109,860, 95% \$155,381, 99% \$400,442, 99.9% \$1,863,666.

(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.