

Table T09-0128
Administration's FY2010 Budget Proposals
Make 2009 Estate Tax Law Permanent
Baseline: Current Law
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	0.0	0.0	0.0	0.6	-3	0.0	5.7
Second Quintile	0.0	0.0	0.0	1.7	-9	0.0	12.4
Middle Quintile	0.0	0.0	0.1	6.9	-42	-0.1	18.2
Fourth Quintile	0.1	0.0	0.2	21.9	-157	-0.2	21.1
Top Quintile	0.2	0.0	0.3	68.7	-558	-0.2	27.9
All	0.0	0.0	0.2	100.0	-122	-0.2	23.1
Addendum							
80-90	0.1	0.0	0.2	16.1	-258	-0.2	24.1
90-95	0.1	0.0	0.3	12.6	-416	-0.2	25.2
95-99	0.3	0.0	0.4	27.2	-1,110	-0.3	27.2
Top 1 Percent	0.4	0.0	0.2	12.8	-2,077	-0.1	32.7
Top 0.1 Percent	0.6	0.1	0.0	0.6	-1,001	0.0	35.5

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

Number of AMT Taxpayers (millions). Baseline: 19.6 Proposal: 19.6

(1) Calendar year. Baseline is current law. The proposal would reduce the top estate tax rate to 45 percent; increase the effective exclusion to \$3.5 million; repeal the state estate tax credit and replace it with a deduction for state estate taxes paid; and repeal the 5 percent surtax.

(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% \$19,957, 40% \$37,919, 60% \$66,635, 80% \$111,847, 90% \$160,851, 95% \$224,521, 99% \$590,626, 99.9% \$2,706,134.

(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 T09-0128
Administration's FY2010 Budget Proposals
Make 2009 Estate Tax Law Permanent
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2012 ¹
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	0.0	0.0	0.0	0.6	-3	-0.4	0.0	0.9	0.0	5.7
Second Quintile	0.0	0.0	0.0	1.7	-9	-0.2	0.0	4.6	0.0	12.4
Middle Quintile	0.0	0.0	0.1	6.9	-42	-0.4	0.0	11.0	-0.1	18.2
Fourth Quintile	0.1	0.0	0.2	21.9	-157	-0.8	0.0	18.3	-0.2	21.1
Top Quintile	0.2	0.0	0.3	68.7	-558	-0.7	0.0	65.1	-0.2	27.9
All	0.0	0.0	0.2	100.0	-122	-0.7	0.0	100.0	-0.2	23.1
Addendum										
80-90	0.1	0.0	0.2	16.1	-258	-0.8	0.0	14.2	-0.2	24.1
90-95	0.1	0.0	0.3	12.6	-416	-0.8	0.0	10.2	-0.2	25.2
95-99	0.3	0.0	0.4	27.2	-1,110	-1.2	-0.1	15.6	-0.3	27.2
Top 1 Percent	0.4	0.0	0.2	12.8	-2,077	-0.4	0.1	25.0	-0.1	32.7
Top 0.1 Percent	0.6	0.1	0.0	0.6	-1,001	0.0	0.1	12.6	0.0	35.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2012 ¹

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	39,109	24.9	11,727	671	11,056	5.7	3.7	4.6	0.9
Second Quintile	35,235	22.4	29,685	3,696	25,988	12.5	8.5	9.8	4.6
Middle Quintile	31,797	20.2	53,843	9,863	43,980	18.3	14.0	14.9	11.0
Fourth Quintile	26,816	17.1	91,347	19,467	71,880	21.3	20.0	20.5	18.3
Top Quintile	23,648	15.0	279,733	78,501	201,232	28.1	54.0	50.7	65.1
All	157,316	100.0	77,851	18,131	59,720	23.3	100.0	100.0	100.0
Addendum									
80-90	11,954	7.6	139,760	33,949	105,810	24.3	13.6	13.5	14.2
90-95	5,808	3.7	197,580	50,261	147,320	25.4	9.4	9.1	10.2
95-99	4,701	3.0	346,049	95,151	250,898	27.5	13.3	12.6	15.7
Top 1 Percent	1,185	0.8	1,831,745	600,423	1,231,322	32.8	17.7	15.5	24.9
Top 0.1 Percent	120	0.1	8,392,568	2,984,078	5,408,490	35.6	8.2	6.9	12.5

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

Number of AMT Taxpayers (millions). Baseline: 19.6 Proposal: 19.6

(1) Calendar year. Baseline is current law. The proposal would reduce the top estate tax rate to 45 percent; increase the effective exclusion to \$3.5 million; repeal the state estate tax credit and replace it with a deduction for state estate taxes paid; and repeal the 5 percent surtax.

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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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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.0	0.0	0.0	0.3	-2	-0.6	0.0	0.3	0.0	2.4
Second Quintile	0.0	0.0	0.0	0.9	-5	-0.2	0.0	3.5	0.0	11.2
Middle Quintile	0.0	0.0	0.0	1.6	-10	-0.1	0.1	9.0	0.0	17.1
Fourth Quintile	0.0	0.0	0.1	9.2	-59	-0.4	0.1	17.7	-0.1	20.8
Top Quintile	0.2	0.0	0.3	87.8	-556	-0.9	-0.1	69.4	-0.2	27.5
All	0.0	0.0	0.2	100.0	-122	-0.7	0.0	100.0	-0.2	23.1
Addendum										
80-90	0.1	0.0	0.2	15.8	-198	-0.7	0.0	15.3	-0.2	23.7
90-95	0.1	0.0	0.3	13.7	-344	-0.8	0.0	11.5	-0.2	25.2
95-99	0.3	0.0	0.5	34.5	-1,111	-1.4	-0.1	16.7	-0.4	26.9
Top 1 Percent	0.6	0.0	0.3	23.9	-3,199	-0.6	0.0	26.0	-0.2	32.4
Top 0.1 Percent	0.8	0.1	0.1	1.9	-2,541	-0.1	0.1	13.1	0.0	35.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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	32,338	20.6	10,962	269	10,693	2.5	2.9	3.7	0.3
Second Quintile	32,399	20.6	27,043	3,036	24,007	11.2	7.2	8.3	3.5
Middle Quintile	31,437	20.0	47,482	8,118	39,364	17.1	12.2	13.2	9.0
Fourth Quintile	30,153	19.2	79,882	16,663	63,218	20.9	19.7	20.3	17.6
Top Quintile	30,278	19.3	236,122	65,519	170,603	27.8	58.4	55.0	69.6
All	157,316	100.0	77,851	18,131	59,720	23.3	100.0	100.0	100.0
Addendum									
80-90	15,269	9.7	119,425	28,486	90,940	23.9	14.9	14.8	15.3
90-95	7,622	4.9	168,851	42,886	125,965	25.4	10.5	10.2	11.5
95-99	5,955	3.8	296,127	80,644	215,483	27.2	14.4	13.7	16.8
Top 1 Percent	1,432	0.9	1,589,334	518,082	1,071,252	32.6	18.6	16.3	26.0
Top 0.1 Percent	142	0.1	7,406,757	2,622,066	4,784,692	35.4	8.6	7.2	13.0

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

Number of AMT Taxpayers (millions). Baseline: 19.6 Proposal: 19.6

(1) Calendar year. Baseline is current law. The proposal would reduce the top estate tax rate to 45 percent; increase the effective exclusion to \$3.5 million; repeal the state estate tax credit and replace it with a deduction for state estate taxes paid; and repeal the 5 percent surtax.

(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% \$13,636, 40% \$25,075, 60% \$42,597, 80% \$68,949, 90% \$98,059, 95% \$138,184, 99% \$356,154, 99.9% \$1,639,811.

(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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Make 2009 Estate Tax Law Permanent
Baseline: Current Law
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	0.0	0.0	0.0	0.2	-2	-0.3	0.0	1.6	0.0	8.3
Second Quintile	0.0	0.0	0.0	0.6	-6	-0.2	0.1	5.7	0.0	12.1
Middle Quintile	0.0	0.0	0.1	1.5	-17	-0.3	0.3	13.0	-0.1	17.7
Fourth Quintile	0.1	0.0	0.3	9.5	-135	-1.1	0.3	20.9	-0.2	21.6
Top Quintile	0.4	0.0	1.4	88.0	-1,513	-3.4	-0.7	58.7	-1.0	27.7
All	0.1	0.0	0.7	100.0	-239	-2.3	0.0	100.0	-0.5	22.4
Addendum										
80-90	0.2	0.0	0.9	17.7	-573	-2.7	-0.1	15.4	-0.7	24.5
90-95	0.3	0.0	1.1	14.6	-1,005	-3.1	-0.1	10.7	-0.8	25.8
95-99	0.8	0.0	2.2	34.8	-3,259	-5.6	-0.5	13.8	-1.6	26.4
Top 1 Percent	1.5	0.0	1.4	21.1	-9,565	-2.6	-0.1	18.8	-0.9	34.0
Top 0.1 Percent	1.4	0.2	0.1	0.5	-2,745	-0.1	0.2	9.2	-0.1	38.4

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	16,855	24.6	8,088	676	7,413	8.4	4.4	5.2	1.6	
Second Quintile	15,642	22.8	20,751	2,524	18,227	12.2	10.5	11.9	5.6	
Middle Quintile	14,507	21.2	35,163	6,232	28,932	17.7	16.5	17.6	12.8	
Fourth Quintile	11,601	16.9	57,652	12,607	45,045	21.9	21.6	21.9	20.6	
Top Quintile	9,540	13.9	153,955	44,125	109,830	28.7	47.4	43.9	59.4	
All	68,506	100.0	45,237	10,354	34,883	22.9	100.0	100.0	100.0	
Addendum										
80-90	5,053	7.4	86,100	21,636	64,464	25.1	14.0	13.6	15.4	
90-95	2,377	3.5	121,430	32,297	89,133	26.6	9.3	8.9	10.8	
95-99	1,749	2.6	207,161	57,963	149,198	28.0	11.7	10.9	14.3	
Top 1 Percent	362	0.5	1,058,983	369,316	689,667	34.9	12.4	10.4	18.8	
Top 0.1 Percent	31	0.1	5,306,728	2,041,697	3,265,032	38.5	5.4	4.3	9.0	

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

(1) Calendar year. Baseline is current law. The proposal would reduce the top estate tax rate to 45 percent; increase the effective exclusion to \$3.5 million; repeal the state estate tax credit and replace it with a deduction for state estate taxes paid; and repeal the 5 percent surtax.

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(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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Make 2009 Estate Tax Law Permanent
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.0	0.0	0.0	0.9	-3	-0.7	0.0	0.2	0.0	3.3
Second Quintile	0.0	0.0	0.0	2.5	-7	-0.2	0.0	1.8	0.0	11.3
Middle Quintile	0.0	0.0	0.0	1.6	-4	0.0	0.0	5.9	0.0	16.2
Fourth Quintile	0.0	0.0	0.0	6.6	-11	-0.1	0.0	15.7	0.0	20.2
Top Quintile	0.1	0.0	0.1	87.6	-114	-0.2	0.0	76.4	0.0	27.4
All	0.0	0.0	0.0	100.0	-41	-0.1	0.0	100.0	0.0	24.3
Addendum										
80-90	0.0	0.0	0.0	4.2	-11	0.0	0.0	15.5	0.0	23.3
90-95	0.0	0.0	0.0	8.0	-40	-0.1	0.0	12.4	0.0	25.0
95-99	0.1	0.0	0.1	33.0	-208	-0.2	0.0	18.8	-0.1	27.0
Top 1 Percent	0.3	0.0	0.1	42.4	-1,046	-0.2	0.0	29.6	-0.1	32.0
Top 0.1 Percent	0.6	0.1	0.1	10.6	-2,589	-0.1	0.0	14.7	0.0	34.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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	6,836	11.1	14,389	479	13,910	3.3	1.2	1.6	0.2	
Second Quintile	8,755	14.3	34,618	3,926	30,692	11.3	3.8	4.5	1.8	
Middle Quintile	11,214	18.3	62,026	10,077	51,949	16.3	8.8	9.7	5.9	
Fourth Quintile	15,212	24.8	97,768	19,789	77,978	20.2	18.8	19.8	15.7	
Top Quintile	19,110	31.1	279,599	76,818	202,781	27.5	67.6	64.8	76.4	
All	61,400	100.0	128,766	31,308	97,458	24.3	100.0	100.0	100.0	
Addendum										
80-90	9,202	15.0	138,970	32,431	106,540	23.3	16.2	16.4	15.5	
90-95	4,942	8.1	192,850	48,251	144,600	25.0	12.1	11.9	12.4	
95-99	3,955	6.4	337,574	91,428	246,146	27.1	16.9	16.3	18.8	
Top 1 Percent	1,011	1.7	1,756,500	563,203	1,193,297	32.1	22.5	20.2	29.6	
Top 0.1 Percent	102	0.2	7,937,859	2,762,543	5,175,316	34.8	10.2	8.8	14.7	

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

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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.0	0.0	0.0	0.2	0	0.0	0.0	-3.9	0.0	-5.4
Second Quintile	0.0	0.0	0.0	2.4	-1	0.0	0.0	13.7	0.0	9.5
Middle Quintile	0.0	0.0	0.0	6.8	-4	0.0	0.0	27.8	0.0	17.7
Fourth Quintile	0.0	0.0	0.0	16.9	-16	-0.1	0.0	28.0	0.0	21.5
Top Quintile	0.1	0.0	0.1	73.4	-167	-0.3	-0.1	34.4	-0.1	26.5
All	0.0	0.0	0.0	100.0	-11	-0.2	0.0	100.0	0.0	15.8
Addendum										
80-90	0.0	0.0	0.0	10.8	-38	-0.1	0.0	12.7	0.0	24.5
90-95	0.1	0.0	0.1	13.7	-171	-0.4	0.0	5.1	-0.1	25.3
95-99	0.1	0.0	0.2	31.6	-492	-0.7	0.0	7.2	-0.2	25.1
Top 1 Percent	0.2	0.0	0.1	17.3	-1,396	-0.3	0.0	9.3	-0.1	32.4
Top 0.1 Percent	0.4	0.0	0.0	0.6	-517	0.0	0.0	4.3	0.0	35.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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	8,355	33.6	13,999	-760	14,759	-5.4	11.3	14.1	-3.9
Second Quintile	7,578	30.5	31,423	2,979	28,444	9.5	22.9	24.7	13.7
Middle Quintile	5,002	20.1	51,564	9,121	42,443	17.7	24.8	24.3	27.7
Fourth Quintile	2,726	11.0	78,373	16,860	61,512	21.5	20.6	19.2	27.9
Top Quintile	1,153	4.6	184,854	49,121	135,733	26.6	20.5	17.9	34.4
All	24,862	100.0	41,756	6,618	35,138	15.9	100.0	100.0	100.0
Addendum									
80-90	740	3.0	115,411	28,300	87,111	24.5	8.2	7.4	12.7
90-95	211	0.9	158,521	40,190	118,332	25.4	3.2	2.9	5.2
95-99	169	0.7	280,025	70,657	209,368	25.2	4.6	4.1	7.3
Top 1 Percent	32	0.1	1,444,013	469,766	974,247	32.5	4.5	3.6	9.3
Top 0.1 Percent	3	0.0	6,993,121	2,463,279	4,529,841	35.2	2.0	1.5	4.3

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

(1) Calendar year. Baseline is current law. The proposal would reduce the top estate tax rate to 45 percent; increase the effective exclusion to \$3.5 million; repeal the state estate tax credit and replace it with a deduction for state estate taxes paid; and repeal the 5 percent surtax.

(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% \$13,636, 40% \$25,075, 60% \$42,597, 80% \$68,949, 90% \$98,059, 95% \$138,184, 99% \$356,154, 99.9% \$1,639,811.

(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 T09-0128
Administration's FY2010 Budget Proposals
Make 2009 Estate Tax Law Permanent
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.0	0.0	0.0	0.3	0	0.0	0.0	-0.9	0.0	-6.2
Second Quintile	0.0	0.0	0.0	1.1	-1	0.0	0.0	3.6	0.0	10.5
Middle Quintile	0.0	0.0	0.0	3.4	-2	0.0	0.0	11.1	0.0	18.3
Fourth Quintile	0.0	0.0	0.0	17.6	-11	-0.1	0.0	20.7	0.0	22.3
Top Quintile	0.0	0.0	0.0	77.1	-59	-0.1	0.0	65.4	0.0	28.9
All	0.0	0.0	0.0	100.0	-12	-0.1	0.0	100.0	0.0	23.4
Addendum										
80-90	0.0	0.0	0.0	5.5	-8	0.0	0.0	15.0	0.0	25.1
90-95	0.0	0.0	0.0	8.1	-26	0.0	0.0	10.2	0.0	26.1
95-99	0.0	0.0	0.1	35.3	-140	-0.1	0.0	15.9	0.0	28.4
Top 1 Percent	0.1	0.0	0.0	28.2	-453	-0.1	0.0	24.3	0.0	33.8
Top 0.1 Percent	0.2	0.0	0.0	4.7	-770	0.0	0.0	11.7	0.0	35.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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	10,815	21.9	15,090	-935	16,025	-6.2	3.5	4.8	-0.9
Second Quintile	10,484	21.3	35,679	3,741	31,938	10.5	8.0	9.3	3.6
Middle Quintile	10,353	21.0	64,150	11,754	52,396	18.3	14.2	15.1	11.1
Fourth Quintile	9,644	19.6	105,690	23,563	82,128	22.3	21.7	22.0	20.7
Top Quintile	7,855	15.9	316,419	91,377	225,042	28.9	53.0	49.2	65.4
All	49,293	100.0	95,214	22,259	72,956	23.4	100.0	100.0	100.0
Addendum									
80-90	4,070	8.3	160,563	40,340	120,224	25.1	13.9	13.6	15.0
90-95	1,884	3.8	227,342	59,433	167,909	26.1	9.1	8.8	10.2
95-99	1,523	3.1	403,939	114,831	289,108	28.4	13.1	12.2	15.9
Top 1 Percent	378	0.8	2,087,355	706,123	1,381,233	33.8	16.8	14.5	24.3
Top 0.1 Percent	37	0.1	9,762,184	3,484,212	6,277,972	35.7	7.6	6.4	11.7

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

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. The proposal would reduce the top estate tax rate to 45 percent; increase the effective exclusion to \$3.5 million; repeal the state estate tax credit and replace it with a deduction for state estate taxes paid; and repeal the 5 percent surtax.

(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% \$13,636, 40% \$25,075, 60% \$42,597, 80% \$68,949, 90% \$98,059, 95% \$138,184, 99% \$356,154, 99.9% \$1,639,811.

(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 T09-0128
Administration's FY2010 Budget Proposals
Make 2009 Estate Tax Law Permanent
Baseline: Current Law
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	0.0	0.0	0.1	0.2	-9	-2.4	0.0	0.3	-0.1	3.5
Second Quintile	0.0	0.0	0.1	0.6	-14	-1.3	0.0	1.6	-0.1	4.6
Middle Quintile	0.0	0.0	0.1	1.2	-37	-1.6	0.0	2.5	-0.1	5.6
Fourth Quintile	0.1	0.0	0.4	9.4	-275	-2.9	0.0	10.6	-0.4	12.6
Top Quintile	0.6	0.0	1.2	88.4	-2,016	-3.3	-0.1	84.9	-0.9	25.1
All	0.2	0.0	0.8	100.0	-556	-3.2	0.0	100.0	-0.7	19.6
Addendum										
80-90	0.4	0.0	0.9	17.1	-836	-4.1	-0.1	13.2	-0.8	17.8
90-95	0.5	0.0	1.1	14.1	-1,298	-3.8	-0.1	11.8	-0.8	21.1
95-99	1.0	0.0	1.7	34.6	-3,467	-5.1	-0.4	21.5	-1.3	24.3
Top 1 Percent	1.6	0.0	0.9	22.6	-8,752	-1.9	0.5	38.4	-0.6	32.2
Top 0.1 Percent	1.9	0.3	0.2	1.5	-6,113	-0.3	0.6	19.3	-0.1	35.9

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	4,167	13.8	10,783	385	10,398	3.6	1.7	2.1	0.3	
Second Quintile	7,540	24.9	23,370	1,088	22,282	4.7	6.8	8.1	1.6	
Middle Quintile	5,432	17.9	41,368	2,367	39,001	5.7	8.7	10.3	2.5	
Fourth Quintile	5,756	19.0	74,513	9,633	64,880	12.9	16.6	18.1	10.6	
Top Quintile	7,378	24.4	232,411	60,422	171,990	26.0	66.3	61.5	85.0	
All	30,291	100.0	85,420	17,306	68,114	20.3	100.0	100.0	100.0	
Addendum										
80-90	3,435	11.3	109,456	20,315	89,141	18.6	14.5	14.8	13.3	
90-95	1,827	6.0	155,369	34,044	121,324	21.9	11.0	10.7	11.9	
95-99	1,681	5.6	267,378	68,371	199,006	25.6	17.4	16.2	21.9	
Top 1 Percent	434	1.4	1,393,711	457,846	935,864	32.9	23.4	19.7	37.9	
Top 0.1 Percent	42	0.1	6,524,092	2,348,994	4,175,097	36.0	10.6	8.5	18.8	

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

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

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