

15-Jul-09

PRELIMINARY RESULTS

Table T09-0353
Average Effective Marginal Individual Income Tax Rates
Distribution by Cash Income Percentile, 2011¹

Cash Income Percentile ^{2,3}	Administration Baseline ⁴	Current Law	Administration's Budget Proposal	Current Law Plus Health Surcharge ⁵	Administration's Budget Proposal Plus Health Surcharge
Lowest Quintile	-0.9	2.5	-2.8	2.5	-2.8
Second Quintile	14.4	17.1	15.3	17.1	15.3
Third Quintile	17.6	19.3	18.2	19.3	18.2
Fourth Quintile	18.9	23.4	19.7	23.4	19.7
Top Quintile	28.5	32.0	30.8	32.8	31.6
All	22.3	25.7	23.7	26.0	24.1
Addendum					
80-90	24.7	27.4	24.7	27.4	24.7
90-95	27.0	29.9	28.8	29.9	28.8
95-99	32.1	34.7	34.8	35.1	35.2
Top 1 Percent	32.4	39.6	39.3	39.6	43.0
Top 0.1 Percent	34.0	40.1	39.7	45.5	45.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).

(1) Calendar year. Effective marginal rate is determined by calculating individual income tax and then adding \$1,000 to wages and recomputing individual income tax. The effective marginal rate is the resulting change in tax divided by \$1,000. Values are averages, weighted by the dollar value of wages and salaries.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Excludes tax units with zero income. 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% \$17,769, 40% \$34,786, 60% \$64,064, 80% \$104,744, 90% \$166,867, 95% \$209,667, 99% \$533,880, 99.9% \$2,313,059.

(4) Administration baseline extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation.

(5) Health surcharge on high income individuals is described in America's Affordable Health Choices Act of 2009. Tax units pay a 1 percent tax on modified AGI between \$350,000 and \$500,000 for couples (\$280,000 and \$400,000 for others), a 1.5 percent tax on modified AGI between \$500,000 and \$1,000,000 for couples (\$400,000 and \$800,000 for others), and a 5.4 percent tax on modified AGI exceeding \$1,000,000 (\$800,000 for others). Modified AGI is AGI less any deduction for investment interest.