

Table T09-0355
Tax Units with a Change in Effective Marginal Individual Income Tax Rates (EMTR)
Health Surcharge versus Current Law
Distribution by Cash Income Percentile, 2011¹

Cash Income Percentile ^{2,3}	Tax Units (thousands) ⁴	Percent of Tax Units With ⁵			
		No Earnings	Increase in EMTR	No Change in EMTR	Decrease in EMTR
Lowest Quintile	38,676	32.5	0.0	67.5	0.0
Second Quintile	34,806	23.2	0.0	76.8	0.0
Third Quintile	31,498	15.1	0.0	84.9	0.0
Fourth Quintile	26,231	10.4	0.0	89.6	0.0
Top Quintile	22,974	9.9	8.5	81.5	0.0
All	155,368	20.0	1.3	78.7	0.0
Addendum					
80-90	11,625	10.1	0.0	89.9	0.0
90-95	5,563	8.1	0.1	91.7	0.0
95-99	4,611	10.9	23.3	65.7	0.0
Top 1 Percent	1,175	13.0	74.6	12.3	0.1
Top 0.1 Percent	119	12.2	83.0	4.7	0.1

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

(1) Calendar year. Baseline is current law. Proposal is the surcharge on high income individuals 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. 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.

(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% \$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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) Tax units with no earnings (defined as wages and salaries plus self-employment income) are not included in the higher, lower, and same columns.