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**Table T09-0501**  
**Certain Individual Income and Estate Tax Provisions in Administration's FY2010 Budget Proposals**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**  
**All 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
Lowest Quintile	72.0	0.1	5.0	5.8	-496	-101.8	-0.7	0.0	-4.7	-0.1
Second Quintile	84.5	0.1	4.6	11.6	-1,059	-36.0	-1.1	2.9	-4.0	7.2
Middle Quintile	94.7	0.1	3.7	14.7	-1,484	-17.8	-0.6	9.6	-3.1	14.1
Fourth Quintile	99.3	0.0	3.8	21.0	-2,553	-14.3	-0.4	17.9	-3.0	18.2
Top Quintile	99.4	0.2	3.4	46.7	-6,483	-8.8	2.8	69.4	-2.4	25.3
All	87.3	0.1	3.7	100.0	-2,051	-12.5	0.0	100.0	-2.9	20.1
<b>Addendum</b>										
80-90	99.5	0.0	4.5	17.1	-4,690	-14.3	-0.3	14.6	-3.4	20.5
90-95	99.8	0.1	4.2	10.3	-5,900	-12.0	0.1	10.8	-3.1	22.7
95-99	99.4	0.2	3.5	12.4	-8,579	-9.4	0.6	17.0	-2.6	24.8
Top 1 Percent	96.3	3.4	1.7	6.9	-18,755	-3.5	2.5	27.1	-1.1	31.1
Top 0.1 Percent	87.3	12.3	1.3	2.5	-65,942	-2.4	1.4	14.0	-0.9	34.5

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<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	Share of Post-Tax Income	Share of Federal Taxes	
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total	
Lowest Quintile	37,292	24.0	10,481	487	9,993	4.7	3.5	4.3	0.7	
Second Quintile	34,806	22.4	26,186	2,943	23,243	11.2	8.2	9.4	4.0	
Middle Quintile	31,498	20.3	48,373	8,323	40,050	17.2	13.7	14.7	10.3	
Fourth Quintile	26,231	16.9	84,329	17,855	66,474	21.2	19.9	20.3	18.3	
Top Quintile	22,974	14.8	267,017	74,081	192,936	27.7	55.1	51.7	66.6	
All	155,368	100.0	71,667	16,458	55,208	23.0	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	11,625	7.5	136,507	32,702	103,805	24.0	14.3	14.1	14.9	
90-95	5,563	3.6	191,223	49,296	141,927	25.8	9.6	9.2	10.7	
95-99	4,611	3.0	333,276	91,094	242,182	27.3	13.8	13.0	16.4	
Top 1 Percent	1,175	0.8	1,657,137	534,071	1,123,066	32.2	17.5	15.4	24.5	
Top 0.1 Percent	119	0.1	7,672,765	2,714,593	4,958,172	35.4	8.2	6.9	12.6	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

Number of AMT Taxpayers (millions). Baseline: 17.0

Proposal: 3.8

(1) Calendar year. Baseline is current law. Proposal would: (a) extend the 2009 AMT exemption levels and index them for inflation after 2009; (b) index the AMT tax bracket threshold and exemption phaseout threshold for inflation; (c) allow personal nonrefundable credits (other than the child tax credit) regardless of AMT liability; (d) extend the 0 and 15 percent rates on capital gains and qualified dividends and add a 20 percent rate for taxpayers otherwise in the 36 or 39.6 percent tax bracket; (e) extend the 10, 25, and 28 percent statutory marginal tax rates; (f) retain the 36 and 39.6 percent tax rates; (g) increase the threshold for the 36 percent tax rate to \$231,300 for married couples filing a joint return, \$190,650 for singles, and \$210,950 for heads of households (expressed in 2009 dollars); (h) set the standard deduction for married couples filing jointly equal to twice that for singles; (i) increase the EITC plateau for married couples filing jointly by \$5,000 (indexed for inflation after 2009); (j) set the threshold for the 15-percent bracket for married couples filing jointly equal to twice that for singles; (k) extend the Making Work Pay credit currently scheduled to sunset on 12/31/10;

(l) reduce the phaseout rate from 2 to 1.6 percent; (m) index the phaseout thresholds for inflation after 2010; (n) repeal personal exemption phaseout (PEP) and limitation on itemized deductions (Pease) but only for taxpayers with AGI less than \$200,000 (in 2009\$), \$250,000 for married couples filing jointly; (o) extend education incentives including American Opportunity Tax Credit; (p) extend \$1,000 child tax credit and CTC refundability provisions and AMT treatment; (q) extend expansion of the child and dependent care tax credit; (r) extend EITC measures including additional tier for three or more children; and (s) extend 2009 estate tax law including: (i) maximum rate of 45 percent; (ii) \$3.5 million effective exemption, not indexed for inflation; (iii) replace credit for state-level wealth transfer taxes with a deduction; (iv) effective repeal of Qualified Family Owned Business Interest (QFOBI) deduction; and (v) repeal of 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% \$17,709, 40% \$34,668, 60% \$63,846, 80% \$104,388, 90% \$167,146, 95% \$210,251, 99% \$555,037, 99.9% \$2,351,648.

(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 T09-0501**  
**Certain Individual Income and Estate Tax Provisions in Administration's FY2010 Budget Proposals**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**  
**Tax Units with Head Under Age 50**

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	90.6	0.0	7.0	8.1	-669	-130.3	-1.2	-0.3	-6.7	-1.6
Second Quintile	98.2	0.1	6.2	15.5	-1,417	-42.5	-1.7	3.5	-5.4	7.3
Middle Quintile	99.5	0.0	4.4	17.1	-1,703	-18.7	-0.7	12.3	-3.6	15.4
Fourth Quintile	99.9	0.0	4.2	21.9	-2,779	-14.9	-0.2	20.7	-3.3	18.8
Top Quintile	99.7	0.2	3.4	37.1	-5,949	-8.8	3.8	63.7	-2.4	25.1
All	95.9	0.1	4.2	100.0	-2,080	-14.2	0.0	100.0	-3.3	19.6
<b>Addendum</b>										
80-90	99.8	0.0	4.7	16.1	-4,813	-14.6	-0.1	15.6	-3.5	20.6
90-95	100.0	0.0	4.1	8.7	-5,817	-11.7	0.3	10.9	-3.1	23.0
95-99	99.7	0.1	3.1	8.5	-7,408	-8.1	1.1	15.9	-2.2	25.2
Top 1 Percent	96.3	3.4	1.4	3.8	-15,213	-2.9	2.5	21.3	-0.9	31.5
Top 0.1 Percent	87.0	12.7	1.3	1.5	-63,155	-2.3	1.3	10.8	-0.8	34.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<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	22,363	25.3	10,047	513	9,533	5.1	4.0	4.9	0.9	
Second Quintile	20,162	22.8	26,323	3,337	22,987	12.7	9.4	10.6	5.2	
Middle Quintile	18,432	20.9	48,020	9,117	38,903	19.0	15.7	16.4	13.0	
Fourth Quintile	14,480	16.4	84,402	18,650	65,752	22.1	21.6	21.8	20.9	
Top Quintile	11,472	13.0	245,362	67,537	177,825	27.5	49.8	46.8	59.9	
All	88,402	100.0	63,985	14,635	49,350	22.9	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	6,159	7.0	136,363	32,891	103,472	24.1	14.9	14.6	15.7	
90-95	2,744	3.1	190,783	49,777	141,006	26.1	9.3	8.9	10.6	
95-99	2,105	2.4	332,790	91,105	241,686	27.4	12.4	11.7	14.8	
Top 1 Percent	464	0.5	1,619,647	525,972	1,093,675	32.5	13.3	11.6	18.9	
Top 0.1 Percent	43	0.1	7,884,376	2,813,027	5,071,349	35.7	6.1	5.1	9.5	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Calendar year. Baseline is current law. Proposal would: (a) extend the 2009 AMT exemption levels and index them for inflation after 2009; (b) index the AMT tax bracket threshold and exemption phaseout threshold for inflation; (c) allow personal nonrefundable credits (other than the child tax credit) regardless of AMT liability; (d) extend the 0 and 15 percent rates on capital gains and qualified dividends and add a 20 percent rate for taxpayers otherwise in the 36 or 39.6 percent tax bracket; (e) extend the 10, 25, and 28 percent statutory marginal tax rates; (f) retain the 36 and 39.6 percent tax rates; (g) increase the threshold for the 36 percent tax rate to \$231,300 for married couples filing a joint return, \$190,650 for singles, and \$210,950 for heads of households (expressed in 2009 dollars); (h) set the standard deduction for married couples filing jointly equal to twice that for singles; (i) increase the EITC plateau for married couples filing jointly by \$5,000 (indexed for inflation after 2009); (j) set the threshold for the 15-percent bracket for married couples filing jointly equal to twice that for singles; (k) extend the Making Work Pay credit currently scheduled to sunset on 12/31/10;

(l) reduce the phaseout rate from 2 to 1.6 percent; (m) index the phaseout thresholds for inflation after 2010; (n) repeal personal exemption phaseout (PEP) and limitation on itemized deductions (Pease) but only for taxpayers with AGI less than \$200,000 (in 2009\$), \$250,000 for married couples filing jointly; (o) extend education incentives including American Opportunity Tax Credit; (p) extend \$1,000 child tax credit and CTC refundability provisions and AMT treatment; (q) extend expansion of the child and dependent care tax credit; (r) extend EITC measures including additional tier for three or more children; and (s) extend 2009 estate tax law including: (i) maximum rate of 45 percent; (ii) \$3.5 million effective exemption, not indexed for inflation; (iii) replace credit for state-level wealth transfer taxes with a deduction; (iv) effective repeal of Qualified Family Owned Business Interest (QFOBI) deduction; and (v) repeal of 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% \$17,709, 40% \$34,668, 60% \$63,846, 80% \$104,388, 90% \$167,146, 95% \$210,251, 99% \$555,037, 99.9% \$2,351,648.

(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 T09-0501**  
**Certain Individual Income and Estate Tax Provisions in Administration's FY2010 Budget Proposals**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**  
**Tax Units with Head Age 50-64**

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	67.0	0.2	4.0	3.5	-388	-66.1	-0.3	0.2	-3.8	1.9
Second Quintile	86.3	0.3	3.8	7.1	-858	-24.2	-0.5	2.4	-3.3	10.2
Middle Quintile	96.1	0.2	3.3	11.7	-1,308	-14.3	-0.4	7.6	-2.7	16.1
Fourth Quintile	99.5	0.0	3.4	21.0	-2,264	-11.9	-0.4	16.7	-2.7	19.7
Top Quintile	99.5	0.2	3.0	56.5	-5,968	-7.7	1.6	73.0	-2.1	25.8
All	88.5	0.2	3.2	100.0	-2,178	-9.7	0.0	100.0	-2.4	22.5
<b>Addendum</b>										
80-90	99.5	0.0	4.2	19.4	-4,307	-12.6	-0.5	14.4	-3.2	21.8
90-95	99.9	0.0	4.0	13.8	-5,615	-11.1	-0.2	11.9	-2.9	23.5
95-99	99.6	0.1	3.2	15.1	-7,664	-8.4	0.2	17.6	-2.3	25.1
Top 1 Percent	96.5	3.1	1.3	8.2	-15,378	-2.9	2.0	29.2	-0.9	30.4
Top 0.1 Percent	88.4	11.2	1.0	2.7	-47,266	-1.8	1.2	15.3	-0.6	33.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<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	7,428	19.5	10,314	587	9,728	5.7	2.2	2.8	0.5	
Second Quintile	6,852	18.0	26,304	3,545	22,759	13.5	5.2	6.0	2.8	
Middle Quintile	7,447	19.5	48,649	9,155	39,494	18.8	10.5	11.4	8.0	
Fourth Quintile	7,716	20.2	84,770	18,999	65,771	22.4	19.0	19.6	17.1	
Top Quintile	7,864	20.6	278,512	77,897	200,615	28.0	63.5	60.9	71.4	
All	38,128	100.0	90,475	22,490	67,985	24.9	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	3,741	9.8	136,627	34,076	102,551	24.9	14.8	14.8	14.9	
90-95	2,044	5.4	191,453	50,603	140,850	26.4	11.4	11.1	12.1	
95-99	1,637	4.3	331,880	90,972	240,909	27.4	15.8	15.2	17.4	
Top 1 Percent	441	1.2	1,686,150	527,158	1,158,993	31.3	21.6	19.7	27.1	
Top 0.1 Percent	47	0.1	7,480,216	2,566,648	4,913,568	34.3	10.2	8.9	14.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Calendar year. Baseline is current law. Proposal would: (a) extend the 2009 AMT exemption levels and index them for inflation after 2009; (b) index the AMT tax bracket threshold and exemption phaseout threshold for inflation; (c) allow personal nonrefundable credits (other than the child tax credit) regardless of AMT liability; (d) extend the 0 and 15 percent rates on capital gains and qualified dividends and add a 20 percent rate for taxpayers otherwise in the 36 or 39.6 percent tax bracket; (e) extend the 10, 25, and 28 percent statutory marginal tax rates; (f) retain the 36 and 39.6 percent tax rates; (g) increase the threshold for the 36 percent tax rate to \$231,300 for married couples filing a joint return, \$190,650 for singles, and \$210,950 for heads of households (expressed in 2009 dollars); (h) set the standard deduction for married couples filing jointly equal to twice that for singles; (i) increase the EITC plateau for married couples filing jointly by \$5,000 (indexed for inflation after 2009); (j) set the threshold for the 15-percent bracket for married couples filing jointly equal to twice that for singles; (k) extend the Making Work Pay credit currently scheduled to sunset on 12/31/10;

(l) reduce the phaseout rate from 2 to 1.6 percent; (m) index the phaseout thresholds for inflation after 2010; (n) repeal personal exemption phaseout (PEP) and limitation on itemized deductions (Pease) but only for taxpayers with AGI less than \$200,000 (in 2009\$), \$250,000 for married couples filing jointly; (o) extend education incentives including American Opportunity Tax Credit; (p) extend \$1,000 child tax credit and CTC refundability provisions and AMT treatment; (q) extend expansion of the child and dependent care tax credit; (r) extend EITC measures including additional tier for three or more children; and (s) extend 2009 estate tax law including: (i) maximum rate of 45 percent; (ii) \$3.5 million effective exemption, not indexed for inflation; (iii) replace credit for state-level wealth transfer taxes with a deduction; (iv) effective repeal of Qualified Family Owned Business Interest (QFOBI) deduction; and (v) repeal of 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 breaks are (in 2009 dollars): 20% \$17,709, 40% \$34,668, 60% \$63,846, 80% \$104,388, 90% \$167,146, 95% \$210,251, 99% \$555,037, 99.9% \$2,351,648.

(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 T09-0501**  
**Certain Individual Income and Estate Tax Provisions in Administration's FY2010 Budget Proposals**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**  
**Tax Units with Head Age 65 or Over**

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	21.3	0.0	0.8	1.3	-89	-28.7	-0.1	0.5	-0.8	1.9
Second Quintile	47.5	0.1	1.3	4.7	-310	-22.2	-0.3	2.4	-1.2	4.2
Middle Quintile	77.2	0.1	2.2	10.8	-999	-21.7	-0.7	5.7	-2.0	7.4
Fourth Quintile	96.9	0.0	3.3	17.9	-2,298	-17.9	-0.8	12.0	-2.8	12.6
Top Quintile	98.1	0.5	4.1	65.2	-9,280	-10.7	1.8	79.3	-3.0	24.9
All	59.4	0.1	3.2	100.0	-1,796	-12.8	0.0	100.0	-2.6	17.5
<b>Addendum</b>										
80-90	98.0	0.0	4.7	16.9	-5,085	-17.5	-0.7	11.7	-3.7	17.5
90-95	98.9	0.4	4.7	10.4	-6,944	-15.7	-0.3	8.1	-3.6	19.4
95-99	98.2	0.4	5.4	22.1	-13,141	-14.4	-0.4	19.2	-3.9	23.2
Top 1 Percent	95.8	3.8	2.7	15.8	-30,364	-5.4	3.1	40.3	-1.8	31.6
Top 0.1 Percent	86.1	13.5	2.1	5.5	-101,929	-3.6	2.0	21.3	-1.3	35.3

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<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	7,501	26.0	11,939	311	11,627	2.6	4.4	5.4	0.6
Second Quintile	7,793	27.0	25,726	1,396	24,330	5.4	9.9	11.7	2.7
Middle Quintile	5,620	19.5	49,167	4,614	44,553	9.4	13.6	15.4	6.4
Fourth Quintile	4,035	14.0	83,224	12,814	70,409	15.4	16.6	17.5	12.7
Top Quintile	3,638	12.6	310,453	86,465	223,988	27.9	55.7	50.2	77.5
All	28,838	100.0	70,347	14,072	56,275	20.0	100.0	100.0	100.0
<b>Addendum</b>									
80-90	1,725	6.0	136,764	29,050	107,715	21.2	11.6	11.5	12.4
90-95	774	2.7	192,173	44,132	148,041	23.0	7.3	7.1	8.4
95-99	869	3.0	337,081	91,297	245,784	27.1	14.4	13.2	19.6
Top 1 Percent	270	0.9	1,674,080	559,292	1,114,788	33.4	22.3	18.5	37.2
Top 0.1 Percent	28	0.1	7,668,294	2,811,389	4,856,904	36.7	10.5	8.3	19.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Calendar year. Baseline is current law. Proposal would: (a) extend the 2009 AMT exemption levels and index them for inflation after 2009; (b) index the AMT tax bracket threshold and exemption phaseout threshold for inflation; (c) allow personal nonrefundable credits (other than the child tax credit) regardless of AMT liability; (d) extend the 0 and 15 percent rates on capital gains and qualified dividends and add a 20 percent rate for taxpayers otherwise in the 36 or 39.6 percent tax bracket; (e) extend the 10, 25, and 28 percent statutory marginal tax rates; (f) retain the 36 and 39.6 percent tax rates; (g) increase the threshold for the 36 percent tax rate to \$231,300 for married couples filing a joint return, \$190,650 for singles, and \$210,950 for heads of households (expressed in 2009 dollars); (h) set the standard deduction for married couples filing jointly equal to twice that for singles; (i) increase the EITC plateau for married couples filing jointly by \$5,000 (indexed for inflation after 2009); (j) set the threshold for the 15-percent bracket for married couples filing jointly equal to twice that for singles; (k) extend the Making Work Pay credit currently scheduled to sunset on 12/31/10;

(l) reduce the phaseout rate from 2 to 1.6 percent; (m) index the phaseout thresholds for inflation after 2010; (n) repeal personal exemption phaseout (PEP) and limitation on itemized deductions (Pease) but only for taxpayers with AGI less than \$200,000 (in 2009\$), \$250,000 for married couples filing jointly; (o) extend education incentives including American Opportunity Tax Credit; (p) extend \$1,000 child tax credit and CTC refundability provisions and AMT treatment; (q) extend expansion of the child and dependent care tax credit; (r) extend EITC measures including additional tier for three or more children; and (s) extend 2009 estate tax law including: (i) maximum rate of 45 percent; (ii) \$3.5 million effective exemption, not indexed for inflation; (iii) replace credit for state-level wealth transfer taxes with a deduction; (iv) effective repeal of Qualified Family Owned Business Interest (QFOBI) deduction; and (v) repeal of 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% \$17,709, 40% \$34,668, 60% \$63,846, 80% \$104,388, 90% \$167,146, 95% \$210,251, 99% \$555,037, 99.9% \$2,351,648.

(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.