

Table T10-0035
Administration's FY2011 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile, 2012¹
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 (%)	Under the Proposal
Lowest Quintile	30.4	12.7	1.9	-10.7	-210	-1.8	2.8
Second Quintile	40.0	20.3	1.0	-11.4	-248	-0.9	9.3
Middle Quintile	41.0	25.2	0.5	-9.1	-216	-0.4	15.8
Fourth Quintile	36.5	35.0	0.2	-6.0	-171	-0.2	18.9
Top Quintile	18.7	62.5	-2.1	137.2	4,468	1.6	26.6
All	33.7	28.0	-0.8	100.0	482	0.6	21.3
Addendum							
80-90	24.9	49.9	0.1	-2.3	-151	-0.1	21.5
90-95	18.3	64.1	0.0	0.2	23	0.0	22.9
95-99	7.7	83.2	-1.0	16.1	2,621	0.8	25.6
Top 1 Percent	2.0	97.4	-6.0	123.3	78,620	4.3	33.0
Top 0.1 Percent	0.0	99.9	-7.7	70.4	445,271	5.3	36.5

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

Number of AMT Taxpayers (millions). Baseline: 5.0 Proposal: 4.0

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (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; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

(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% \$19,356, 40% \$37,493, 60% \$65,656, 80% \$111,659, 90% \$161,739, 95% \$226,402, 99% \$599,181, 99.9% \$2,727,123.

(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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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	30.4	12.7	1.9	-10.7	-210	-39.6	-0.3	0.5	-1.8	2.8
Second Quintile	40.0	20.3	1.0	-11.4	-248	-8.5	-0.5	3.7	-0.9	9.3
Middle Quintile	41.0	25.2	0.5	-9.1	-216	-2.6	-0.6	10.3	-0.4	15.8
Fourth Quintile	36.5	35.0	0.2	-6.0	-171	-1.0	-0.7	17.6	-0.2	18.9
Top Quintile	18.7	62.5	-2.1	137.2	4,468	6.4	2.1	67.9	1.6	26.6
All	33.7	28.0	-0.8	100.0	482	3.1	0.0	100.0	0.6	21.3
Addendum										
80-90	24.9	49.9	0.1	-2.3	-151	-0.5	-0.5	13.7	-0.1	21.5
90-95	18.3	64.1	0.0	0.2	23	0.1	-0.3	10.1	0.0	22.9
95-99	7.7	83.2	-1.0	16.1	2,621	3.1	0.0	16.1	0.8	25.6
Top 1 Percent	2.0	97.4	-6.0	123.3	78,620	15.0	2.9	28.0	4.3	33.0
Top 0.1 Percent	0.0	99.9	-7.7	70.4	445,271	17.1	1.7	14.3	5.3	36.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 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	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Lowest Quintile	38,450	24.4	11,600	531	11,069	4.6	3.7	4.5	0.8
Second Quintile	34,947	22.2	28,852	2,929	25,923	10.2	8.4	9.5	4.1
Middle Quintile	31,868	20.3	52,224	8,458	43,766	16.2	13.9	14.7	10.9
Fourth Quintile	26,646	16.9	88,978	16,997	71,981	19.1	19.8	20.2	18.3
Top Quintile	23,298	14.8	280,229	69,940	210,289	25.0	54.5	51.5	65.8
All	157,348	100.0	76,169	15,750	60,419	20.7	100.0	100.0	100.0
Addendum									
80-90	11,720	7.5	138,385	29,910	108,475	21.6	13.5	13.4	14.2
90-95	5,734	3.6	196,549	44,948	151,600	22.9	9.4	9.1	10.4
95-99	4,655	3.0	345,574	85,734	259,840	24.8	13.4	12.7	16.1
Top 1 Percent	1,190	0.8	1,825,188	522,940	1,302,248	28.7	18.1	16.3	25.1
Top 0.1 Percent	120	0.1	8,367,274	2,606,444	5,760,830	31.2	8.4	7.3	12.6

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

Number of AMT Taxpayers (millions). Baseline: 5.0 Proposal: 4.0

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (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; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

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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% \$19,356, 40% \$37,493, 60% \$65,656, 80% \$111,659, 90% \$161,739, 95% \$226,402, 99% \$599,181, 99.9% \$2,727,123.

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Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	38.0	9.6	2.9	-13.3	-318	-283.2	-0.4	-0.3	-2.9	-1.9
Second Quintile	37.9	18.2	1.0	-9.8	-229	-10.5	-0.4	2.5	-0.9	7.5
Middle Quintile	43.7	22.2	0.5	-8.7	-211	-3.1	-0.5	8.1	-0.5	14.4
Fourth Quintile	34.2	32.6	0.3	-6.9	-174	-1.2	-0.7	16.7	-0.2	18.4
Top Quintile	15.3	60.9	-2.0	138.7	3,514	6.0	2.0	72.8	1.5	26.4
All	33.7	28.0	-0.8	100.0	482	3.1	0.0	100.0	0.6	21.3
Addendum										
80-90	20.9	48.0	0.1	-2.4	-121	-0.5	-0.5	15.0	-0.1	21.7
90-95	13.3	63.2	-0.1	0.6	60	0.2	-0.3	11.4	0.0	23.1
95-99	6.9	81.6	-0.9	16.0	2,042	2.8	0.0	17.3	0.7	25.3
Top 1 Percent	1.7	97.3	-5.8	124.5	65,753	14.6	2.9	29.1	4.2	32.6
Top 0.1 Percent	0.1	99.9	-7.6	72.3	384,868	16.9	1.8	14.8	5.2	36.1

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	31,706	20.2	10,935	112	10,823	1.0	2.9	3.6	0.1
Second Quintile	32,349	20.6	26,208	2,184	24,023	8.3	7.1	8.2	2.9
Middle Quintile	31,237	19.9	46,322	6,866	39,456	14.8	12.1	13.0	8.7
Fourth Quintile	29,980	19.1	77,565	14,437	63,128	18.6	19.4	19.9	17.5
Top Quintile	29,936	19.0	235,547	58,562	176,985	24.9	58.8	55.7	70.7
All	157,348	100.0	76,169	15,750	60,419	20.7	100.0	100.0	100.0
Addendum									
80-90	15,019	9.6	117,658	25,601	92,057	21.8	14.7	14.5	15.5
90-95	7,540	4.8	167,170	38,625	128,545	23.1	10.5	10.2	11.8
95-99	5,940	3.8	294,212	72,379	221,833	24.6	14.6	13.9	17.4
Top 1 Percent	1,436	0.9	1,584,726	450,784	1,133,941	28.5	19.0	17.1	26.1
Top 0.1 Percent	142	0.1	7,360,192	2,275,425	5,084,768	30.9	8.7	7.6	13.1

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

Number of AMT Taxpayers (millions). Baseline: 5.0 Proposal: 4.0

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (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;

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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% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(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.

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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	20.7	10.6	1.5	-20.1	-113	-19.0	-0.3	1.3	-1.3	5.7
Second Quintile	20.9	22.7	0.5	-14.9	-91	-4.3	-0.3	4.9	-0.5	10.1
Middle Quintile	33.0	24.9	0.4	-18.1	-123	-2.2	-0.5	12.3	-0.4	16.4
Fourth Quintile	19.0	34.8	0.2	-8.4	-70	-0.6	-0.4	20.7	-0.1	20.5
Top Quintile	10.3	56.9	-1.4	162.3	1,610	4.1	1.5	60.8	1.1	26.6
All	21.3	26.7	-0.4	100.0	138	1.5	0.0	100.0	0.3	21.1
Addendum										
80-90	13.7	45.3	0.1	-2.0	-37	-0.2	-0.3	15.5	0.0	23.2
90-95	7.8	59.8	-0.1	2.9	118	0.4	-0.1	10.8	0.1	24.4
95-99	5.7	78.0	-0.5	15.2	803	1.6	0.0	14.2	0.4	24.7
Top 1 Percent	2.0	96.5	-5.2	146.2	38,533	12.0	1.9	20.3	3.6	33.9
Top 0.1 Percent	0.0	99.9	-7.7	88.9	267,282	15.1	1.2	10.1	5.1	38.9

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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income	Tax Income	Federal Taxes
							Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	16,972	24.6	8,380	591	7,789	7.1	4.7	5.5	1.6
Second Quintile	15,474	22.5	19,970	2,115	17,855	10.6	10.2	11.5	5.2
Middle Quintile	14,005	20.3	34,261	5,725	28,536	16.7	15.9	16.7	12.7
Fourth Quintile	11,543	16.8	55,833	11,507	44,326	20.6	21.3	21.4	21.1
Top Quintile	9,596	13.9	151,979	38,836	113,142	25.6	48.2	45.3	59.2
All	68,932	100.0	43,878	9,128	34,749	20.8	100.0	100.0	100.0
Addendum									
80-90	5,066	7.4	84,037	19,525	64,512	23.2	14.1	13.6	15.7
90-95	2,373	3.4	119,032	28,942	90,090	24.3	9.3	8.9	10.9
95-99	1,795	2.6	204,548	49,619	154,929	24.3	12.1	11.6	14.2
Top 1 Percent	361	0.5	1,060,631	321,259	739,373	30.3	12.7	11.1	18.4
Top 0.1 Percent	32	0.1	5,243,107	1,771,848	3,471,259	33.8	5.5	4.6	8.9

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

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(i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.
<http://www.taxpolicycenter.org/TaxModelIncome.cfm>

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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	44.4	15.3	2.9	-3.9	-423	-362.3	-0.2	-0.1	-2.9	-2.1
Second Quintile	52.1	20.6	1.2	-4.7	-371	-14.5	-0.3	1.1	-1.1	6.6
Middle Quintile	52.2	25.2	0.5	-4.4	-275	-3.5	-0.4	5.1	-0.5	12.8
Fourth Quintile	45.7	33.3	0.3	-5.0	-237	-1.4	-0.8	14.3	-0.3	17.3
Top Quintile	17.9	64.2	-2.1	118.0	4,510	6.5	1.7	79.5	1.6	26.2
All	38.9	37.1	-1.2	100.0	1,159	4.3	0.0	100.0	0.9	22.4
Addendum										
80-90	25.5	50.9	0.2	-2.2	-178	-0.6	-0.7	14.9	-0.1	21.0
90-95	15.7	65.8	0.0	0.2	34	0.1	-0.5	12.2	0.0	22.7
95-99	7.7	84.0	-1.0	14.4	2,634	3.2	-0.2	19.4	0.8	25.5
Top 1 Percent	1.7	97.5	-5.9	105.6	73,956	15.1	3.1	33.1	4.2	32.2
Top 0.1 Percent	0.1	99.9	-7.5	59.5	413,532	17.3	1.8	16.6	5.2	35.6

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	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Lowest Quintile	6,622	10.8	14,526	117	14,409	0.8	1.2	1.6	0.1
Second Quintile	8,956	14.6	33,405	2,562	30,843	7.7	3.9	4.6	1.4
Middle Quintile	11,470	18.7	59,671	7,909	51,762	13.3	8.9	9.8	5.5
Fourth Quintile	15,032	24.5	95,023	16,631	78,392	17.5	18.5	19.4	15.1
Top Quintile	18,609	30.3	281,842	69,430	212,412	24.6	67.8	65.1	77.9
All	61,357	100.0	126,020	27,037	98,983	21.5	100.0	100.0	100.0
Addendum									
80-90	8,860	14.4	138,312	29,238	109,074	21.1	15.9	15.9	15.6
90-95	4,843	7.9	192,091	43,636	148,455	22.7	12.0	11.8	12.7
95-99	3,890	6.3	337,723	83,500	254,223	24.7	17.0	16.3	19.6
Top 1 Percent	1,015	1.7	1,748,464	489,332	1,259,132	28.0	23.0	21.1	30.0
Top 0.1 Percent	102	0.2	7,890,377	2,392,764	5,497,613	30.3	10.5	9.3	14.8

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

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (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; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

(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/TaxModelIncome.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% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(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 T10-0035
Administration's FY2011 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	70.7	2.7	4.7	63.4	-681	70.6	-4.4	-9.8	-5.1	-12.2
Second Quintile	56.6	6.0	1.2	31.3	-352	-19.7	-1.4	8.2	-1.2	4.7
Middle Quintile	56.2	9.7	0.8	20.0	-331	-4.4	0.5	28.1	-0.7	14.4
Fourth Quintile	39.4	21.8	0.5	9.8	-297	-2.0	1.3	31.0	-0.4	19.1
Top Quintile	16.2	43.3	-1.2	-24.6	1,667	3.9	4.0	42.4	0.9	25.2
All	56.8	9.4	1.0	100.0	-344	-6.0	0.0	100.0	-0.8	12.8
Addendum										
80-90	18.8	35.5	0.1	0.7	-73	-0.3	0.9	15.7	-0.1	22.7
90-95	17.9	46.3	0.1	0.2	-56	-0.2	0.4	6.3	0.0	23.2
95-99	4.9	65.7	-0.6	-2.8	1,342	2.1	0.7	8.7	0.5	23.8
Top 1 Percent	0.1	98.0	-5.7	-22.7	57,824	14.2	2.1	11.7	4.1	32.8
Top 0.1 Percent	0.5	99.4	-7.5	-12.4	360,211	16.7	1.1	5.6	5.2	36.2

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	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	7,840	31.9	13,490	-965	14,455	-7.2	10.3	12.8	-5.4
Second Quintile	7,497	30.5	30,617	1,792	28,825	5.9	22.4	24.4	9.6
Middle Quintile	5,095	20.8	50,275	7,575	42,700	15.1	25.0	24.6	27.6
Fourth Quintile	2,777	11.3	76,881	14,983	61,898	19.5	20.8	19.4	29.8
Top Quintile	1,242	5.1	178,521	43,239	135,282	24.2	21.6	19.0	38.4
All	24,547	100.0	41,760	5,698	36,062	13.6	100.0	100.0	100.0
Addendum									
80-90	805	3.3	112,763	25,684	87,079	22.8	8.9	7.9	14.8
90-95	232	0.9	154,893	36,005	118,888	23.3	3.5	3.1	6.0
95-99	173	0.7	278,418	64,856	213,562	23.3	4.7	4.2	8.0
Top 1 Percent	33	0.1	1,423,600	408,525	1,015,074	28.7	4.6	3.8	9.7
Top 0.1 Percent	3	0.0	6,950,503	2,156,597	4,793,906	31.0	2.0	1.6	4.5

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

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (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; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

(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% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(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 T10-0035
Administration's FY2011 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	78.3	2.0	5.0	-39.6	-808	62.1	-0.8	-2.2	-5.5	-14.3
Second Quintile	71.9	4.4	1.7	-26.9	-538	-26.4	-0.6	1.6	-1.6	4.3
Middle Quintile	66.1	9.8	0.8	-20.3	-409	-4.4	-0.7	9.5	-0.7	14.4
Fourth Quintile	50.1	22.9	0.4	-17.1	-362	-1.9	-0.8	19.4	-0.4	18.6
Top Quintile	24.0	56.9	-2.2	204.0	5,076	6.5	2.9	71.7	1.7	27.4
All	59.3	17.7	-0.6	100.0	421	2.2	0.0	100.0	0.4	20.7
Addendum										
80-90	33.3	42.2	0.3	-8.2	-385	-1.1	-0.5	15.8	-0.2	22.1
90-95	21.1	59.4	0.1	-1.1	-114	-0.2	-0.3	10.8	-0.1	23.7
95-99	7.1	85.3	-1.5	33.4	4,416	4.2	0.4	17.5	1.1	27.1
Top 1 Percent	1.1	98.6	-6.8	179.8	99,478	16.1	3.3	27.6	4.8	34.4
Top 0.1 Percent	0.0	99.9	-8.0	93.9	539,330	17.5	1.8	13.4	5.5	36.8

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	10,133	20.6	14,723	-1,302	16,025	-8.8	3.2	4.3	-1.4
Second Quintile	10,359	21.1	34,672	2,038	32,634	5.9	7.7	9.0	2.2
Middle Quintile	10,251	20.9	62,298	9,395	52,903	15.1	13.6	14.5	10.1
Fourth Quintile	9,800	19.9	103,142	19,572	83,570	19.0	21.6	21.9	20.2
Top Quintile	8,315	16.9	306,063	78,732	227,331	25.7	54.3	50.6	68.8
All	49,155	100.0	95,419	19,366	76,053	20.3	100.0	100.0	100.0
Addendum									
80-90	4,398	9.0	157,496	35,216	122,280	22.4	14.8	14.4	16.3
90-95	1,976	4.0	224,546	53,216	171,329	23.7	9.5	9.1	11.1
95-99	1,567	3.2	400,356	104,147	296,208	26.0	13.4	12.4	17.2
Top 1 Percent	374	0.8	2,088,455	618,704	1,469,751	29.6	16.7	14.7	24.3
Top 0.1 Percent	36	0.1	9,839,694	3,077,034	6,762,660	31.3	7.6	6.5	11.7

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

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (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 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; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

(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% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(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.

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Table T10-0035
Administration's FY2011 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
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	5.8	24.2	0.2	-0.3	-17	-6.5	0.0	0.3	-0.2	2.3
Second Quintile	5.6	40.8	0.0	0.2	5	0.6	-0.1	1.7	0.0	3.8
Middle Quintile	9.4	59.9	-0.1	0.6	29	1.2	-0.2	3.4	0.1	5.8
Fourth Quintile	13.5	69.2	-0.1	1.1	55	0.7	-0.6	10.1	0.1	11.1
Top Quintile	4.6	87.5	-2.4	98.3	4,727	8.0	0.9	84.6	1.8	24.8
All	7.6	55.3	-1.4	100.0	884	6.8	0.0	100.0	1.2	18.3
Addendum										
80-90	6.1	81.9	-0.3	2.1	230	1.4	-0.5	9.5	0.2	15.7
90-95	4.9	88.1	-0.4	2.5	498	1.8	-0.5	9.2	0.3	18.6
95-99	2.8	93.6	-0.9	9.6	1,863	3.2	-0.7	19.8	0.7	22.5
Top 1 Percent	1.5	97.2	-5.2	84.1	52,378	13.2	2.6	46.1	3.8	32.2
Top 0.1 Percent	0.0	99.8	-7.4	51.8	329,614	16.1	1.9	23.8	5.1	36.6

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	5,016	16.4	10,899	262	10,637	2.4	2.4	2.8	0.3
Second Quintile	8,213	26.9	22,528	845	21,683	3.8	8.0	9.3	1.8
Middle Quintile	5,981	19.6	41,094	2,350	38,744	5.7	10.6	12.1	3.5
Fourth Quintile	5,495	18.0	70,238	7,708	62,530	11.0	16.7	17.9	10.7
Top Quintile	5,617	18.4	257,048	59,067	197,981	23.0	62.4	58.0	83.6
All	30,543	100.0	75,737	12,990	62,747	17.2	100.0	100.0	100.0
Addendum									
80-90	2,427	8.0	105,444	16,363	89,081	15.5	11.1	11.3	10.0
90-95	1,362	4.5	153,103	27,984	125,118	18.3	9.0	8.9	9.6
95-99	1,394	4.6	267,882	58,445	209,437	21.8	16.1	15.2	20.5
Top 1 Percent	434	1.4	1,396,961	397,639	999,322	28.5	26.2	22.6	43.5
Top 0.1 Percent	42	0.1	6,520,091	2,053,637	4,466,454	31.5	12.0	9.9	21.9

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

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

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (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; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

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