

**Table T10-0039**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2012 <sup>1</sup>**  
**Summary Table**

| Cash Income Percentile <sup>2,3</sup> | Percent of Tax Units <sup>4</sup> |                      | Percent Change<br>in After-Tax<br>Income <sup>5</sup> | Share of Total<br>Federal Tax<br>Change | Average<br>Federal Tax<br>Change (\$) | Average Federal Tax Rate <sup>6</sup> |                       |
|---------------------------------------|-----------------------------------|----------------------|---|---|---------------------------------------|---------------------------------------|-----------------------|
|                                       | With Tax Cut                      | With Tax<br>Increase |   |   |                                       | Change (%)<br>Points)                 | Under the<br>Proposal |
| <b>Lowest Quintile</b>                | 30.4                              | 0.5                  | 2.0   | -15.2                                   | -216                                  | -1.9                                  | 2.7                   |
| <b>Second Quintile</b>                | 40.3                              | 1.2                  | 1.0   | -16.9                                   | -264                                  | -0.9                                  | 9.2                   |
| <b>Middle Quintile</b>                | 41.6                              | 0.5                  | 0.6   | -14.2                                   | -244                                  | -0.5                                  | 15.7                  |
| <b>Fourth Quintile</b>                | 37.8                              | 0.1                  | 0.3   | -11.2                                   | -229                                  | -0.3                                  | 18.8                  |
| <b>Top Quintile</b>                   | 20.4                              | 12.6                 | -1.8  | 157.9                                   | 3,698                                 | 1.3                                   | 26.3                  |
| <b>All</b>                            | 34.4                              | 2.4                  | -0.6  | 100.0                                   | 347                                   | 0.5                                   | 21.1                  |
| <b>Addendum</b>                       |                                   |                      |   |   |                                       |                                       |                       |
| <b>80-90</b>                          | 26.4                              | 0.1                  | 0.3   | -5.9                                    | -273                                  | -0.2                                  | 21.4                  |
| <b>90-95</b>                          | 20.2                              | 0.7                  | 0.2   | -2.3                                    | -222                                  | -0.1                                  | 22.8                  |
| <b>95-99</b>                          | 10.1                              | 40.0                 | -0.7  | 15.8                                    | 1,857                                 | 0.5                                   | 25.4                  |
| <b>Top 1 Percent</b>                  | 2.6                               | 86.9                 | -5.3  | 150.2                                   | 68,906                                | 3.8                                   | 32.4                  |
| <b>Top 0.1 Percent</b>                | 0.2                               | 97.5                 | -6.7  | 84.8                                    | 385,882                               | 4.6                                   | 35.8                  |

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.

(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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**Administration's FY2011 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2012<sup>1</sup>**  
**Detail Table**

| Cash Income Percentile <sup>2,3</sup> | Percent of Tax Units <sup>4</sup> |                   | Percent Change<br>in After-Tax<br>Income <sup>5</sup> | Share of Total<br>Federal Tax<br>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 (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| <b>Lowest Quintile</b>                | 30.4                              | 0.5               | 2.0   | -15.2                                   | -216                       | -40.6   | -0.4                   | 0.5                   | -1.9                                  | 2.7                   |
| <b>Second Quintile</b>                | 40.3                              | 1.2               | 1.0   | -16.9                                   | -264                       | -9.0    | -0.5                   | 3.7                   | -0.9                                  | 9.2                   |
| <b>Middle Quintile</b>                | 41.6                              | 0.5               | 0.6   | -14.2                                   | -244                       | -2.9    | -0.5                   | 10.3                  | -0.5                                  | 15.7                  |
| <b>Fourth Quintile</b>                | 37.8                              | 0.1               | 0.3   | -11.2                                   | -229                       | -1.4    | -0.6                   | 17.6                  | -0.3                                  | 18.8                  |
| <b>Top Quintile</b>                   | 20.4                              | 12.6              | -1.8  | 157.9                                   | 3,698                      | 5.3     | 2.0                    | 67.7                  | 1.3                                   | 26.3                  |
| <b>All</b>                            | 34.4                              | 2.4               | -0.6  | 100.0                                   | 347                        | 2.2     | 0.0                    | 100.0                 | 0.5                                   | 21.1                  |
| <b>Addendum</b>                       |                                   |                   |   |   |                            |         |                        |                       |                                       |                       |
| <b>80-90</b>                          | 26.4                              | 0.1               | 0.3   | -5.9                                    | -273                       | -0.9    | -0.4                   | 13.7                  | -0.2                                  | 21.4                  |
| <b>90-95</b>                          | 20.2                              | 0.7               | 0.2   | -2.3                                    | -222                       | -0.5    | -0.3                   | 10.1                  | -0.1                                  | 22.8                  |
| <b>95-99</b>                          | 10.1                              | 40.0              | -0.7  | 15.8                                    | 1,857                      | 2.2     | 0.0                    | 16.1                  | 0.5                                   | 25.4                  |
| <b>Top 1 Percent</b>                  | 2.6                               | 86.9              | -5.3  | 150.2                                   | 68,906                     | 13.2    | 2.7                    | 27.8                  | 3.8                                   | 32.4                  |
| <b>Top 0.1 Percent</b>                | 0.2                               | 97.5              | -6.7  | 84.8                                    | 385,882                    | 14.8    | 1.6                    | 14.2                  | 4.6                                   | 35.8                  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2012<sup>1</sup>**

| Cash Income Percentile <sup>2,3</sup> | Tax Units <sup>4</sup> |                  | Average<br>Income<br>(Dollars) | Average<br>Federal Tax<br>Burden<br>(Dollars) | Average After-<br>Tax Income <sup>5</sup><br>(Dollars) | Average<br>Federal Tax<br>Rate <sup>6</sup> | Share of Pre-    | Share of Post-   | Share of         |
|---------------------------------------|------------------------|------------------|--------------------------------|---|--|---|------------------|------------------|------------------|
|                                       | Number<br>(thousands)  | Percent of Total |                                |   |  |   | Tax Income       | Tax Income       | Federal Taxes    |
|                                       |                        |                  |                                |   |  |   | Percent of Total | Percent of Total | Percent of Total |
| <b>Lowest Quintile</b>                | 38,450                 | 24.4             | 11,600                         | 531   | 11,069   | 4.6   | 3.7              | 4.5              | 0.8              |
| <b>Second Quintile</b>                | 34,947                 | 22.2             | 28,852                         | 2,929   | 25,923   | 10.2  | 8.4              | 9.5              | 4.1              |
| <b>Middle Quintile</b>                | 31,868                 | 20.3             | 52,224                         | 8,458   | 43,766   | 16.2  | 13.9             | 14.7             | 10.9             |
| <b>Fourth Quintile</b>                | 26,646                 | 16.9             | 88,978                         | 16,997  | 71,981   | 19.1  | 19.8             | 20.2             | 18.3             |
| <b>Top Quintile</b>                   | 23,298                 | 14.8             | 280,229                        | 69,940  | 210,289  | 25.0  | 54.5             | 51.5             | 65.8             |
| <b>All</b>                            | 157,348                | 100.0            | 76,169                         | 15,750  | 60,419   | 20.7  | 100.0            | 100.0            | 100.0            |
| <b>Addendum</b>                       |                        |                  |                                |   |  |   |                  |                  |                  |
| <b>80-90</b>                          | 11,720                 | 7.5              | 138,385                        | 29,910  | 108,475  | 21.6  | 13.5             | 13.4             | 14.2             |
| <b>90-95</b>                          | 5,734                  | 3.6              | 196,549                        | 44,948  | 151,600  | 22.9  | 9.4              | 9.1              | 10.4             |
| <b>95-99</b>                          | 4,655                  | 3.0              | 345,574                        | 85,734  | 259,840  | 24.8  | 13.4             | 12.7             | 16.1             |
| <b>Top 1 Percent</b>                  | 1,190                  | 0.8              | 1,825,188                      | 522,940                                       | 1,302,248  | 28.7  | 18.1             | 16.3             | 25.1             |
| <b>Top 0.1 Percent</b>                | 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.

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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.

(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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**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table**

| 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 |
| <b>Lowest Quintile</b>                | 38.0                              | 0.1               | 3.0   | -18.7                             | -322                       | -287.2  | -0.4                   | -0.3               | -3.0                                  | -1.9               |
| <b>Second Quintile</b>                | 38.0                              | 1.6               | 1.0   | -14.2                             | -240                       | -11.0   | -0.4                   | 2.5                | -0.9                                  | 7.4                |
| <b>Middle Quintile</b>                | 44.3                              | 0.6               | 0.6   | -13.4                             | -235                       | -3.4    | -0.5                   | 8.2                | -0.5                                  | 14.3               |
| <b>Fourth Quintile</b>                | 35.4                              | 0.1               | 0.3   | -11.8                             | -215                       | -1.5    | -0.6                   | 16.8               | -0.3                                  | 18.3               |
| <b>Top Quintile</b>                   | 16.8                              | 9.9               | -1.6  | 158.5                             | 2,890                      | 4.9     | 1.9                    | 72.6               | 1.2                                   | 26.1               |
| <b>All</b>                            | 34.4                              | 2.4               | -0.6  | 100.0                             | 347                        | 2.2     | 0.0                    | 100.0              | 0.5                                   | 21.1               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 22.0                              | 0.0               | 0.2   | -5.7                              | -207                       | -0.8    | -0.5                   | 15.1               | -0.2                                  | 21.6               |
| <b>90-95</b>                          | 15.0                              | 0.3               | 0.1   | -1.8                              | -132                       | -0.3    | -0.3                   | 11.5               | -0.1                                  | 23.0               |
| <b>95-99</b>                          | 9.2                               | 29.0              | -0.6  | 15.3                              | 1,404                      | 1.9     | 0.0                    | 17.3               | 0.5                                   | 25.1               |
| <b>Top 1 Percent</b>                  | 2.3                               | 83.6              | -5.1  | 150.8                             | 57,287                     | 12.7    | 2.7                    | 28.8               | 3.6                                   | 32.1               |
| <b>Top 0.1 Percent</b>                | 0.2                               | 95.4              | -6.5  | 86.8                              | 332,739                    | 14.6    | 1.6                    | 14.7               | 4.5                                   | 35.4               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<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         |                        |
| <b>Lowest Quintile</b>                | 31,706                 | 20.2             | 10,935                   | 112                                  | 10,823  | 1.0                                   | 2.9                     | 3.6                      | 0.1                    |
| <b>Second Quintile</b>                | 32,349                 | 20.6             | 26,208                   | 2,184                                | 24,023  | 8.3                                   | 7.1                     | 8.2                      | 2.9                    |
| <b>Middle Quintile</b>                | 31,237                 | 19.9             | 46,322                   | 6,866                                | 39,456  | 14.8                                  | 12.1                    | 13.0                     | 8.7                    |
| <b>Fourth Quintile</b>                | 29,980                 | 19.1             | 77,565                   | 14,437                               | 63,128  | 18.6                                  | 19.4                    | 19.9                     | 17.5                   |
| <b>Top Quintile</b>                   | 29,936                 | 19.0             | 235,547                  | 58,562                               | 176,985   | 24.9                                  | 58.8                    | 55.7                     | 70.7                   |
| <b>All</b>                            | 157,348                | 100.0            | 76,169                   | 15,750                               | 60,419  | 20.7                                  | 100.0                   | 100.0                    | 100.0                  |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |                         |                          |                        |
| <b>80-90</b>                          | 15,019                 | 9.6              | 117,658                  | 25,601                               | 92,057  | 21.8                                  | 14.7                    | 14.5                     | 15.5                   |
| <b>90-95</b>                          | 7,540                  | 4.8              | 167,170                  | 38,625                               | 128,545   | 23.1                                  | 10.5                    | 10.2                     | 11.8                   |
| <b>95-99</b>                          | 5,940                  | 3.8              | 294,212                  | 72,379                               | 221,833   | 24.6                                  | 14.6                    | 13.9                     | 17.4                   |
| <b>Top 1 Percent</b>                  | 1,436                  | 0.9              | 1,584,726                | 450,784                              | 1,133,941                                       | 28.5                                  | 19.0                    | 17.1                     | 26.1                   |
| <b>Top 0.1 Percent</b>                | 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; (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.

(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.

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**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Single 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 |
| <b>Lowest Quintile</b>                | 20.7                              | 0.0               | 1.5   | -48.7                             | -116                       | -19.7   | -0.3                   | 1.3                | -1.4                                  | 5.7                |
| <b>Second Quintile</b>                | 21.0                              | 1.6               | 0.6   | -39.2                             | -103                       | -4.9    | -0.3                   | 4.9                | -0.5                                  | 10.1               |
| <b>Middle Quintile</b>                | 33.5                              | 0.2               | 0.5   | -51.1                             | -148                       | -2.6    | -0.4                   | 12.3               | -0.4                                  | 16.3               |
| <b>Fourth Quintile</b>                | 19.5                              | 0.0               | 0.2   | -30.3                             | -107                       | -0.9    | -0.3                   | 20.8               | -0.2                                  | 20.4               |
| <b>Top Quintile</b>                   | 10.9                              | 5.4               | -1.0  | 272.0                             | 1,151                      | 3.0     | 1.4                    | 60.6               | 0.8                                   | 26.3               |
| <b>All</b>                            | 21.6                              | 1.1               | -0.2  | 100.0                             | 59                         | 0.7     | 0.0                    | 100.0              | 0.1                                   | 20.9               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 14.1                              | 0.0               | 0.2   | -15.0                             | -120                       | -0.6    | -0.2                   | 15.5               | -0.1                                  | 23.1               |
| <b>90-95</b>                          | 8.6                               | 0.0               | 0.1   | -4.5                              | -77                        | -0.3    | -0.1                   | 10.8               | -0.1                                  | 24.3               |
| <b>95-99</b>                          | 6.8                               | 12.5              | -0.1  | 7.8                               | 176                        | 0.4     | 0.0                    | 14.1               | 0.1                                   | 24.3               |
| <b>Top 1 Percent</b>                  | 2.1                               | 79.4              | -4.3  | 283.7                             | 31,913                     | 9.9     | 1.7                    | 20.1               | 3.0                                   | 33.3               |
| <b>Top 0.1 Percent</b>                | 0.1                               | 95.9              | -6.5  | 176.4                             | 226,123                    | 12.8    | 1.1                    | 10.0               | 4.3                                   | 38.1               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<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       |  |
| <b>Lowest Quintile</b>                | 16,972                 | 24.6             | 8,380                    | 591                                  | 7,789   | 7.1                                   | 4.7                     | 5.5                      | 1.6                    |  |
| <b>Second Quintile</b>                | 15,474                 | 22.5             | 19,970                   | 2,115                                | 17,855  | 10.6                                  | 10.2                    | 11.5                     | 5.2                    |  |
| <b>Middle Quintile</b>                | 14,005                 | 20.3             | 34,261                   | 5,725                                | 28,536  | 16.7                                  | 15.9                    | 16.7                     | 12.7                   |  |
| <b>Fourth Quintile</b>                | 11,543                 | 16.8             | 55,833                   | 11,507                               | 44,326  | 20.6                                  | 21.3                    | 21.4                     | 21.1                   |  |
| <b>Top Quintile</b>                   | 9,596                  | 13.9             | 151,979                  | 38,836                               | 113,142   | 25.6                                  | 48.2                    | 45.3                     | 59.2                   |  |
| <b>All</b>                            | 68,932                 | 100.0            | 43,878                   | 9,128                                | 34,749  | 20.8                                  | 100.0                   | 100.0                    | 100.0                  |  |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |                         |                          |                        |  |
| <b>80-90</b>                          | 5,066                  | 7.4              | 84,037                   | 19,525                               | 64,512  | 23.2                                  | 14.1                    | 13.6                     | 15.7                   |  |
| <b>90-95</b>                          | 2,373                  | 3.4              | 119,032                  | 28,942                               | 90,090  | 24.3                                  | 9.3                     | 8.9                      | 10.9                   |  |
| <b>95-99</b>                          | 1,795                  | 2.6              | 204,548                  | 49,619                               | 154,929   | 24.3                                  | 12.1                    | 11.6                     | 14.2                   |  |
| <b>Top 1 Percent</b>                  | 361                    | 0.5              | 1,060,631                | 321,259                              | 739,373   | 30.3                                  | 12.7                    | 11.1                     | 18.4                   |  |
| <b>Top 0.1 Percent</b>                | 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).

(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.

(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, 99.99% \$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 T10-0039**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

| 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 |
| <b>Lowest Quintile</b>                | 44.6                              | 0.0               | 3.0   | -5.1                              | -433                       | -370.9  | -0.2                   | -0.1               | -3.0                                  | -2.2               |
| <b>Second Quintile</b>                | 52.4                              | 1.2               | 1.3   | -6.2                              | -390                       | -15.2   | -0.3                   | 1.1                | -1.2                                  | 6.5                |
| <b>Middle Quintile</b>                | 53.1                              | 1.3               | 0.6   | -6.2                              | -303                       | -3.8    | -0.4                   | 5.1                | -0.5                                  | 12.8               |
| <b>Fourth Quintile</b>                | 47.6                              | 0.2               | 0.4   | -7.6                              | -285                       | -1.7    | -0.8                   | 14.3               | -0.3                                  | 17.2               |
| <b>Top Quintile</b>                   | 20.0                              | 12.3              | -1.8  | 125.1                             | 3,796                      | 5.5     | 1.6                    | 79.4               | 1.4                                   | 26.0               |
| <b>All</b>                            | 40.3                              | 4.2               | -0.9  | 100.0                             | 920                        | 3.4     | 0.0                    | 100.0              | 0.7                                   | 22.2               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 27.2                              | 0.0               | 0.3   | -4.2                              | -269                       | -0.9    | -0.7                   | 15.0               | -0.2                                  | 20.9               |
| <b>90-95</b>                          | 17.9                              | 0.3               | 0.1   | -1.3                              | -156                       | -0.4    | -0.5                   | 12.3               | -0.1                                  | 22.6               |
| <b>95-99</b>                          | 10.6                              | 36.1              | -0.8  | 13.7                              | 1,984                      | 2.4     | -0.2                   | 19.4               | 0.6                                   | 25.3               |
| <b>Top 1 Percent</b>                  | 2.6                               | 84.5              | -5.2  | 117.0                             | 65,062                     | 13.3    | 2.9                    | 32.8               | 3.7                                   | 31.7               |
| <b>Top 0.1 Percent</b>                | 0.2                               | 95.0              | -6.5  | 65.1                              | 359,156                    | 15.0    | 1.7                    | 16.4               | 4.6                                   | 34.9               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<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       |
| <b>Lowest Quintile</b>                | 6,622                  | 10.8             | 14,526                   | 117                                  | 14,409  | 0.8                                   | 1.2                     | 1.6                      | 0.1                    |
| <b>Second Quintile</b>                | 8,956                  | 14.6             | 33,405                   | 2,562                                | 30,843  | 7.7                                   | 3.9                     | 4.6                      | 1.4                    |
| <b>Middle Quintile</b>                | 11,470                 | 18.7             | 59,671                   | 7,909                                | 51,762  | 13.3                                  | 8.9                     | 9.8                      | 5.5                    |
| <b>Fourth Quintile</b>                | 15,032                 | 24.5             | 95,023                   | 16,631                               | 78,392  | 17.5                                  | 18.5                    | 19.4                     | 15.1                   |
| <b>Top Quintile</b>                   | 18,609                 | 30.3             | 281,842                  | 69,430                               | 212,412   | 24.6                                  | 67.8                    | 65.1                     | 77.9                   |
| <b>All</b>                            | 61,357                 | 100.0            | 126,020                  | 27,037                               | 98,983  | 21.5                                  | 100.0                   | 100.0                    | 100.0                  |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |                         |                          |                        |
| <b>80-90</b>                          | 8,860                  | 14.4             | 138,312                  | 29,238                               | 109,074   | 21.1                                  | 15.9                    | 15.9                     | 15.6                   |
| <b>90-95</b>                          | 4,843                  | 7.9              | 192,091                  | 43,636                               | 148,455   | 22.7                                  | 12.0                    | 11.8                     | 12.7                   |
| <b>95-99</b>                          | 3,890                  | 6.3              | 337,723                  | 83,500                               | 254,223   | 24.7                                  | 17.0                    | 16.3                     | 19.6                   |
| <b>Top 1 Percent</b>                  | 1,015                  | 1.7              | 1,748,464                | 489,332                              | 1,259,132                                       | 28.0                                  | 23.0                    | 21.1                     | 30.0                   |
| <b>Top 0.1 Percent</b>                | 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 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.

(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 T10-0039**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Head of Household 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 |
| <b>Lowest Quintile</b>                | 70.7                              | 0.2               | 4.7   | 59.8                              | -683                       | 70.7    | -4.5                   | -9.9               | -5.1                                  | -12.2              |
| <b>Second Quintile</b>                | 56.6                              | 2.2               | 1.2   | 29.7                              | -354                       | -19.8   | -1.4                   | 8.2                | -1.2                                  | 4.7                |
| <b>Middle Quintile</b>                | 56.4                              | 0.4               | 0.8   | 19.3                              | -339                       | -4.5    | 0.6                    | 28.2               | -0.7                                  | 14.4               |
| <b>Fourth Quintile</b>                | 39.8                              | 0.0               | 0.5   | 9.8                               | -317                       | -2.1    | 1.4                    | 31.1               | -0.4                                  | 19.1               |
| <b>Top Quintile</b>                   | 16.8                              | 5.8               | -1.0  | -18.7                             | 1,346                      | 3.1     | 3.9                    | 42.3               | 0.8                                   | 25.0               |
| <b>All</b>                            | 57.0                              | 1.1               | 1.0   | 100.0                             | -365                       | -6.4    | 0.0                    | 100.0              | -0.9                                  | 12.8               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 19.1                              | 0.0               | 0.1   | 1.1                               | -126                       | -0.5    | 0.9                    | 15.7               | -0.1                                  | 22.7               |
| <b>90-95</b>                          | 19.2                              | 0.1               | 0.2   | 0.6                               | -230                       | -0.6    | 0.4                    | 6.3                | -0.2                                  | 23.1               |
| <b>95-99</b>                          | 6.6                               | 24.5              | -0.4  | -1.7                              | 863                        | 1.3     | 0.7                    | 8.7                | 0.3                                   | 23.6               |
| <b>Top 1 Percent</b>                  | 0.2                               | 91.0              | -5.0  | -18.7                             | 50,754                     | 12.4    | 1.9                    | 11.6               | 3.6                                   | 32.3               |
| <b>Top 0.1 Percent</b>                | 0.5                               | 98.4              | -6.6  | -10.2                             | 314,491                    | 14.6    | 1.0                    | 5.5                | 4.5                                   | 35.6               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<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       |
| <b>Lowest Quintile</b>                | 7,840                  | 31.9             | 13,490                   | -965                                 | 14,455  | -7.2                                  | 10.3                    | 12.8                     | -5.4                   |
| <b>Second Quintile</b>                | 7,497                  | 30.5             | 30,617                   | 1,792                                | 28,825  | 5.9                                   | 22.4                    | 24.4                     | 9.6                    |
| <b>Middle Quintile</b>                | 5,095                  | 20.8             | 50,275                   | 7,575                                | 42,700  | 15.1                                  | 25.0                    | 24.6                     | 27.6                   |
| <b>Fourth Quintile</b>                | 2,777                  | 11.3             | 76,881                   | 14,983                               | 61,898  | 19.5                                  | 20.8                    | 19.4                     | 29.8                   |
| <b>Top Quintile</b>                   | 1,242                  | 5.1              | 178,521                  | 43,239                               | 135,282   | 24.2                                  | 21.6                    | 19.0                     | 38.4                   |
| <b>All</b>                            | 24,547                 | 100.0            | 41,760                   | 5,698                                | 36,062  | 13.6                                  | 100.0                   | 100.0                    | 100.0                  |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |                         |                          |                        |
| <b>80-90</b>                          | 805                    | 3.3              | 112,763                  | 25,684                               | 87,079  | 22.8                                  | 8.9                     | 7.9                      | 14.8                   |
| <b>90-95</b>                          | 232                    | 0.9              | 154,893                  | 36,005                               | 118,888   | 23.3                                  | 3.5                     | 3.1                      | 6.0                    |
| <b>95-99</b>                          | 173                    | 0.7              | 278,418                  | 64,856                               | 213,562   | 23.3                                  | 4.7                     | 4.2                      | 8.0                    |
| <b>Top 1 Percent</b>                  | 33                     | 0.1              | 1,423,600                | 408,525                              | 1,015,074                                       | 28.7                                  | 4.6                     | 3.8                      | 9.7                    |
| <b>Top 0.1 Percent</b>                | 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 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.

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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.

**Table T10-0039**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Tax Units with Children**

| Cash Income Percentile <sup>2,3</sup> | Percent of Tax Units <sup>4</sup> |                   | Percent Change<br>in After-Tax<br>Income <sup>5</sup> | Share of Total<br>Federal Tax<br>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 (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| <b>Lowest Quintile</b>                | 78.3                              | 0.2               | 5.1   | -54.3                                   | -810                       | 62.2    | -0.8                   | -2.2                  | -5.5                                  | -14.3                 |
| <b>Second Quintile</b>                | 72.0                              | 1.4               | 1.7   | -37.1                                   | -542                       | -26.6   | -0.6                   | 1.6                   | -1.6                                  | 4.3                   |
| <b>Middle Quintile</b>                | 66.7                              | 0.2               | 0.8   | -28.6                                   | -422                       | -4.5    | -0.6                   | 9.5                   | -0.7                                  | 14.4                  |
| <b>Fourth Quintile</b>                | 51.2                              | 0.0               | 0.5   | -25.3                                   | -390                       | -2.0    | -0.7                   | 19.4                  | -0.4                                  | 18.6                  |
| <b>Top Quintile</b>                   | 25.4                              | 15.2              | -2.0  | 245.7                                   | 4,469                      | 5.7     | 2.8                    | 71.5                  | 1.5                                   | 27.2                  |
| <b>All</b>                            | 59.9                              | 3.0               | -0.4  | 100.0                                   | 308                        | 1.6     | 0.0                    | 100.0                 | 0.3                                   | 20.6                  |
| <b>Addendum</b>                       |                                   |                   |   |   |                            |         |                        |                       |                                       |                       |
| <b>80-90</b>                          | 34.3                              | 0.0               | 0.4   | -13.0                                   | -448                       | -1.3    | -0.5                   | 15.8                  | -0.3                                  | 22.1                  |
| <b>90-95</b>                          | 23.2                              | 0.8               | 0.2   | -3.5                                    | -269                       | -0.5    | -0.2                   | 10.8                  | -0.1                                  | 23.6                  |
| <b>95-99</b>                          | 8.8                               | 57.1              | -1.3  | 40.0                                    | 3,863                      | 3.7     | 0.4                    | 17.5                  | 1.0                                   | 27.0                  |
| <b>Top 1 Percent</b>                  | 1.8                               | 93.5              | -6.1  | 222.3                                   | 89,855                     | 14.5    | 3.1                    | 27.4                  | 4.3                                   | 33.9                  |
| <b>Top 0.1 Percent</b>                | 0.2                               | 99.1              | -7.0  | 112.9                                   | 473,732                    | 15.4    | 1.6                    | 13.2                  | 4.8                                   | 36.1                  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

| Cash Income Percentile <sup>2,3</sup> | Tax Units <sup>4</sup> |                  | Average<br>Income<br>(Dollars) | Average<br>Federal Tax<br>Burden<br>(Dollars) | Average After-<br>Tax Income <sup>5</sup><br>(Dollars) | Average<br>Federal Tax<br>Rate <sup>6</sup> | Share of Pre-    | Share of Post-   | Share of         |
|---------------------------------------|------------------------|------------------|--------------------------------|---|--|---|------------------|------------------|------------------|
|                                       | Number<br>(thousands)  | Percent of Total |                                |   |  |   | Tax Income       | Tax Income       | Federal Taxes    |
|                                       |                        |                  |                                |   |  |   | Percent of Total | Percent of Total | Percent of Total |
| <b>Lowest Quintile</b>                | 10,133                 | 20.6             | 14,723                         | -1,302  | 16,025   | -8.8  | 3.2              | 4.3              | -1.4             |
| <b>Second Quintile</b>                | 10,359                 | 21.1             | 34,672                         | 2,038   | 32,634   | 5.9   | 7.7              | 9.0              | 2.2              |
| <b>Middle Quintile</b>                | 10,251                 | 20.9             | 62,298                         | 9,395   | 52,903   | 15.1  | 13.6             | 14.5             | 10.1             |
| <b>Fourth Quintile</b>                | 9,800                  | 19.9             | 103,142                        | 19,572  | 83,570   | 19.0  | 21.6             | 21.9             | 20.2             |
| <b>Top Quintile</b>                   | 8,315                  | 16.9             | 306,063                        | 78,732  | 227,331  | 25.7  | 54.3             | 50.6             | 68.8             |
| <b>All</b>                            | 49,155                 | 100.0            | 95,419                         | 19,366  | 76,053   | 20.3  | 100.0            | 100.0            | 100.0            |
| <b>Addendum</b>                       |                        |                  |                                |   |  |   |                  |                  |                  |
| <b>80-90</b>                          | 4,398                  | 9.0              | 157,496                        | 35,216  | 122,280  | 22.4  | 14.8             | 14.4             | 16.3             |
| <b>90-95</b>                          | 1,976                  | 4.0              | 224,546                        | 53,216  | 171,329  | 23.7  | 9.5              | 9.1              | 11.1             |
| <b>95-99</b>                          | 1,567                  | 3.2              | 400,356                        | 104,147                                       | 296,208  | 26.0  | 13.4             | 12.4             | 17.2             |
| <b>Top 1 Percent</b>                  | 374                    | 0.8              | 2,088,455                      | 618,704                                       | 1,469,751  | 29.6  | 16.7             | 14.7             | 24.3             |
| <b>Top 0.1 Percent</b>                | 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 tax brackets; (j) limit value of itemized deductions to 28 percent.

(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 T10-0039**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Elderly 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 |
| <b>Lowest Quintile</b>                | 6.0                               | 0.0               | 0.3   | -0.7                              | -26                        | -10.1   | -0.1                   | 0.3                | -0.2                                  | 2.2                |
| <b>Second Quintile</b>                | 5.7                               | 0.2               | 0.1   | -0.8                              | -19                        | -2.2    | -0.1                   | 1.6                | -0.1                                  | 3.7                |
| <b>Middle Quintile</b>                | 10.3                              | 0.2               | 0.1   | -1.0                              | -31                        | -1.3    | -0.2                   | 3.3                | -0.1                                  | 5.7                |
| <b>Fourth Quintile</b>                | 15.3                              | 0.2               | 0.1   | -1.7                              | -55                        | -0.7    | -0.5                   | 10.1               | -0.1                                  | 10.9               |
| <b>Top Quintile</b>                   | 7.2                               | 11.0              | -1.7  | 104.2                             | 3,370                      | 5.7     | 0.9                    | 84.5               | 1.3                                   | 24.3               |
| <b>All</b>                            | 8.6                               | 2.1               | -1.0  | 100.0                             | 595                        | 4.6     | 0.0                    | 100.0              | 0.8                                   | 17.9               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 8.5                               | 0.0               | 0.0   | -0.5                              | -35                        | -0.2    | -0.5                   | 9.6                | 0.0                                   | 15.5               |
| <b>90-95</b>                          | 6.9                               | 0.0               | 0.0   | -0.3                              | -36                        | -0.1    | -0.4                   | 9.2                | 0.0                                   | 18.3               |
| <b>95-99</b>                          | 6.6                               | 20.1              | -0.3  | 4.5                               | 588                        | 1.0     | -0.7                   | 19.8               | 0.2                                   | 22.0               |
| <b>Top 1 Percent</b>                  | 2.1                               | 77.3              | -4.2  | 100.5                             | 42,064                     | 10.6    | 2.5                    | 46.0               | 3.0                                   | 31.5               |
| <b>Top 0.1 Percent</b>                | 0.2                               | 95.8              | -6.1  | 63.8                              | 273,143                    | 13.3    | 1.8                    | 23.8               | 4.2                                   | 35.7               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<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 |                          |                                      |   |                                       |  |   |   |
| <b>Lowest Quintile</b>                | 5,016                  | 16.4             | 10,899                   | 262                                  | 10,637  | 2.4                                   | 2.4                                      | 2.8                                       | 0.3                                     |
| <b>Second Quintile</b>                | 8,213                  | 26.9             | 22,528                   | 845                                  | 21,683  | 3.8                                   | 8.0                                      | 9.3                                       | 1.8                                     |
| <b>Middle Quintile</b>                | 5,981                  | 19.6             | 41,094                   | 2,350                                | 38,744  | 5.7                                   | 10.6                                     | 12.1                                      | 3.5                                     |
| <b>Fourth Quintile</b>                | 5,495                  | 18.0             | 70,238                   | 7,708                                | 62,530  | 11.0                                  | 16.7                                     | 17.9                                      | 10.7                                    |
| <b>Top Quintile</b>                   | 5,617                  | 18.4             | 257,048                  | 59,067                               | 197,981   | 23.0                                  | 62.4                                     | 58.0                                      | 83.6                                    |
| <b>All</b>                            | 30,543                 | 100.0            | 75,737                   | 12,990                               | 62,747  | 17.2                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |  |   |   |
| <b>80-90</b>                          | 2,427                  | 8.0              | 105,444                  | 16,363                               | 89,081  | 15.5                                  | 11.1                                     | 11.3                                      | 10.0                                    |
| <b>90-95</b>                          | 1,362                  | 4.5              | 153,103                  | 27,984                               | 125,118   | 18.3                                  | 9.0                                      | 8.9                                       | 9.6                                     |
| <b>95-99</b>                          | 1,394                  | 4.6              | 267,882                  | 58,445                               | 209,437   | 21.8                                  | 16.1                                     | 15.2                                      | 20.5                                    |
| <b>Top 1 Percent</b>                  | 434                    | 1.4              | 1,396,961                | 397,639                              | 999,322   | 28.5                                  | 26.2                                     | 22.6                                      | 43.5                                    |
| <b>Top 0.1 Percent</b>                | 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;

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