Table T10-0045

Average Effective Marginal Individual Income Tax Rates by Cash Income Percentile, 2012[1]

Cash Income Percentile [2,3]	Current Law	Current Policy [4]	Budget Proposal [5]
Lowest Quintile	4.5	0.6	0.5
Second Quintile	17.7	15.5	16.4
Third Quintile	20.2	18.3	18.4
Fourth Quintile	24.3	19.4	19.8
Top Quintile	32.3	29.1	31.0
All	26.1	22.8	23.9
Addendum			
80-90	27.7	26.0	25.6
90-95	30.1	27.2	27.7
95-99	34.9	32.2	35.2
Top 1 Percent	39.7	32.6	39.3
Top 0.1 Percent	40.2	34.1	39.8

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

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

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Excludes tax units with zero earnings. For a description of cash income, see

http://www.taxpolicycenter.org/TaxModel/income.cfm

(3) The cash income percentile classes used in the 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% 19,429, 40% $37,634, 60% $65,903, 80% $112,079, 90% $162,348, 95% $227,254, 99% 601,435, 99.9% 2,737,383.

(4) 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.

(5) Proposal is Administration's FY2011 Budget.