

Table T10-0147
Incremental Effects of Extending the 2001 and 2003 Tax Cuts
Reduce Tax on Long-Term Capital Gains
Distribution of Federal Tax Change by Cash Income Percentile, 2012 ¹
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 (%) Points)	Under the Proposal
Lowest Quintile	1.2	0.0	0.0	0.1	-1	0.0	4.6
Second Quintile	5.6	0.0	0.0	1.1	-10	0.0	10.3
Middle Quintile	11.8	0.0	0.1	2.7	-27	-0.1	16.5
Fourth Quintile	24.1	0.0	0.1	6.4	-78	-0.1	19.5
Top Quintile	49.4	0.0	0.6	89.6	-1,239	-0.4	26.0
All	15.3	0.0	0.3	100.0	-205	-0.3	21.4
Addendum							
80-90	36.5	0.0	0.2	5.9	-162	-0.1	22.0
90-95	51.3	0.0	0.2	5.9	-333	-0.2	23.2
95-99	69.8	0.0	0.4	16.0	-1,107	-0.3	25.4
Top 1 Percent	87.6	0.0	1.3	61.8	-16,738	-0.9	30.9
Top 0.1 Percent	94.5	0.0	2.0	39.9	-107,281	-1.3	33.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 3.8

Proposal: 3.8

** This table is part of a series of tables showing the distributional effects of moving incrementally from current law to current policy. For definitions and further information, see "Related Tables: Moving Incrementally from Current Law to Current Policy" at

<http://taxpolicycenter.org/numbers/displayatab.cfm?template=simulation&SimID=366>

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains. Policy is reduced tax rates on long-term capital gains (0 percent for tax units in 15 percent bracket or lower, 15 percent for tax units in tax brackets above 15 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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Distribution of Federal Tax Change by Cash Income Percentile, 2012 ¹
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	1.2	0.0	0.0	0.1	-1	-0.2	0.0	0.8	0.0	4.6
Second Quintile	5.6	0.0	0.0	1.1	-10	-0.3	0.0	4.1	0.0	10.3
Middle Quintile	11.8	0.0	0.1	2.7	-27	-0.3	0.1	10.7	-0.1	16.5
Fourth Quintile	24.1	0.0	0.1	6.4	-78	-0.5	0.1	18.0	-0.1	19.5
Top Quintile	49.4	0.0	0.6	89.6	-1,239	-1.7	-0.3	66.3	-0.4	26.0
All	15.3	0.0	0.3	100.0	-205	-1.2	0.0	100.0	-0.3	21.4
Addendum										
80-90	36.5	0.0	0.2	5.9	-162	-0.5	0.1	13.9	-0.1	22.0
90-95	51.3	0.0	0.2	5.9	-333	-0.7	0.1	10.2	-0.2	23.2
95-99	69.8	0.0	0.4	16.0	-1,107	-1.2	0.0	16.0	-0.3	25.4
Top 1 Percent	87.6	0.0	1.3	61.8	-16,738	-2.9	-0.4	26.2	-0.9	30.9
Top 0.1 Percent	94.5	0.0	2.0	39.9	-107,281	-3.7	-0.3	13.1	-1.3	33.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2012 ¹

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	38,450	24.4	11,600	537	11,063	4.6	3.7	4.5	0.8
Second Quintile	34,947	22.2	28,852	2,980	25,872	10.3	8.4	9.6	4.0
Middle Quintile	31,868	20.3	52,224	8,645	43,579	16.6	13.9	14.8	10.6
Fourth Quintile	26,646	16.9	88,978	17,392	71,585	19.6	19.8	20.3	17.9
Top Quintile	23,298	14.8	280,229	74,052	206,177	26.4	54.5	51.1	66.6
All	157,348	100.0	76,169	16,477	59,692	21.6	100.0	100.0	100.0
Addendum									
80-90	11,720	7.5	138,385	30,537	107,848	22.1	13.5	13.5	13.8
90-95	5,734	3.6	196,549	45,830	150,719	23.3	9.4	9.2	10.1
95-99	4,655	3.0	345,574	88,992	256,582	25.8	13.4	12.7	16.0
Top 1 Percent	1,190	0.8	1,825,188	580,282	1,244,906	31.8	18.1	15.8	26.6
Top 0.1 Percent	120	0.1	8,367,274	2,910,584	5,456,690	34.8	8.4	7.0	13.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 3.8 Proposal: 3.8

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains. Policy is reduced tax rates on long-term capital gains (0 percent for tax units in 15 percent bracket or lower, 15 percent for tax units in tax brackets above 15 percent).

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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.4	0.0	0.0	0.0	0	-0.1	0.0	0.1	0.0	1.0
Second Quintile	3.8	0.0	0.0	0.5	-5	-0.2	0.0	2.8	0.0	8.5
Middle Quintile	9.5	0.0	0.1	1.8	-19	-0.3	0.1	8.5	0.0	15.1
Fourth Quintile	20.5	0.0	0.1	5.2	-56	-0.4	0.2	17.2	-0.1	18.9
Top Quintile	45.6	0.0	0.6	92.5	-995	-1.6	-0.3	71.2	-0.4	25.8
All	15.3	0.0	0.3	100.0	-205	-1.2	0.0	100.0	-0.3	21.4
Addendum										
80-90	32.7	0.0	0.1	5.6	-119	-0.5	0.1	15.2	-0.1	22.1
90-95	47.1	0.0	0.2	5.8	-250	-0.6	0.1	11.5	-0.2	23.3
95-99	66.3	0.0	0.4	16.5	-896	-1.2	0.0	17.2	-0.3	25.2
Top 1 Percent	86.1	0.0	1.3	64.6	-14,478	-2.9	-0.5	27.2	-0.9	30.6
Top 0.1 Percent	94.2	0.0	1.9	41.3	-93,442	-3.7	-0.3	13.6	-1.3	33.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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 Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	31,706	20.2	10,935	114	10,821	1.0	2.9	3.7	0.1
Second Quintile	32,349	20.6	26,208	2,226	23,982	8.5	7.1	8.3	2.8
Middle Quintile	31,237	19.9	46,322	7,019	39,303	15.2	12.1	13.1	8.5
Fourth Quintile	29,980	19.1	77,565	14,746	62,819	19.0	19.4	20.1	17.1
Top Quintile	29,936	19.0	235,547	61,866	173,682	26.3	58.8	55.4	71.4
All	157,348	100.0	76,169	16,477	59,692	21.6	100.0	100.0	100.0
Addendum									
80-90	15,019	9.6	117,658	26,058	91,599	22.2	14.7	14.7	15.1
90-95	7,540	4.8	167,170	39,249	127,921	23.5	10.5	10.3	11.4
95-99	5,940	3.8	294,212	75,166	219,046	25.6	14.6	13.9	17.2
Top 1 Percent	1,436	0.9	1,584,726	500,047	1,084,679	31.6	19.0	16.6	27.7
Top 0.1 Percent	142	0.1	7,360,192	2,539,525	4,820,668	34.5	8.7	7.3	14.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 3.8 Proposal: 3.8

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains. Policy is reduced tax rates on long-term capital gains (0 percent for tax units in 15 percent bracket or lower, 15 percent for tax units in tax brackets above 15 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 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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Reduce Tax on Long-Term Capital Gains
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.7	0.0	0.0	0.1	0	0.0	0.0	1.6	0.0	7.1
Second Quintile	4.6	0.0	0.0	1.3	-6	-0.3	0.0	5.1	0.0	10.7
Middle Quintile	10.0	0.0	0.1	4.2	-21	-0.4	0.1	12.5	-0.1	17.1
Fourth Quintile	17.0	0.0	0.1	7.1	-44	-0.4	0.2	20.7	-0.1	21.0
Top Quintile	39.9	0.0	0.6	87.4	-654	-1.6	-0.3	60.0	-0.4	26.9
All	11.6	0.0	0.3	100.0	-104	-1.1	0.0	100.0	-0.2	21.6
Addendum										
80-90	28.1	0.0	0.2	6.8	-97	-0.5	0.1	15.6	-0.1	23.9
90-95	41.8	0.0	0.3	8.1	-244	-0.8	0.0	10.8	-0.2	25.0
95-99	61.6	0.0	0.5	20.2	-807	-1.5	-0.1	14.5	-0.4	25.7
Top 1 Percent	84.2	0.0	1.5	52.3	-10,417	-2.9	-0.4	19.2	-1.0	32.7
Top 0.1 Percent	92.4	0.0	2.1	30.4	-69,036	-3.5	-0.2	9.1	-1.3	35.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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	16,972	24.6	8,380	595	7,785	7.1	4.7	5.6	1.5
Second Quintile	15,474	22.5	19,970	2,142	17,828	10.7	10.2	11.7	5.0
Middle Quintile	14,005	20.3	34,261	5,867	28,394	17.1	15.9	16.8	12.5
Fourth Quintile	11,543	16.8	55,833	11,768	44,065	21.1	21.3	21.5	20.6
Top Quintile	9,596	13.9	151,979	41,482	110,496	27.3	48.2	44.8	60.3
All	68,932	100.0	43,878	9,576	34,301	21.8	100.0	100.0	100.0
Addendum									
80-90	5,066	7.4	84,037	20,144	63,893	24.0	14.1	13.7	15.5
90-95	2,373	3.4	119,032	29,996	89,036	25.2	9.3	8.9	10.8
95-99	1,795	2.6	204,548	53,420	151,128	26.1	12.1	11.5	14.5
Top 1 Percent	361	0.5	1,060,631	357,077	703,554	33.7	12.7	10.7	19.5
Top 0.1 Percent	32	0.1	5,243,107	1,952,143	3,290,964	37.2	5.5	4.4	9.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains. Policy is reduced tax rates on long-term capital gains (0 percent for tax units in 15 percent bracket or lower, 15 percent for tax units in tax brackets above 15 percent).

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Reduce Tax on Long-Term Capital Gains
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	0.8
Second Quintile	4.9	0.0	0.0	0.3	-7	-0.3	0.0	1.4	0.0	7.9
Middle Quintile	11.5	0.0	0.0	1.1	-22	-0.3	0.1	5.4	0.0	13.5
Fourth Quintile	25.2	0.0	0.1	4.6	-71	-0.4	0.1	14.9	-0.1	17.8
Top Quintile	50.0	0.0	0.6	94.0	-1,176	-1.6	-0.2	78.2	-0.4	25.5
All	24.2	0.0	0.4	100.0	-379	-1.3	0.0	100.0	-0.3	22.2
Addendum										
80-90	36.9	0.0	0.1	5.2	-137	-0.5	0.1	15.3	-0.1	21.3
90-95	50.6	0.0	0.2	5.2	-248	-0.6	0.1	12.4	-0.1	22.8
95-99	69.5	0.0	0.4	15.8	-942	-1.1	0.1	19.3	-0.3	25.2
Top 1 Percent	87.2	0.0	1.3	67.9	-15,563	-2.9	-0.5	31.2	-0.9	30.1
Top 0.1 Percent	95.2	0.0	1.9	43.8	-99,537	-3.7	-0.4	15.4	-1.3	32.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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	Number (thousands)	Percent of Total							
Lowest Quintile	6,622	10.8	14,526	118	14,408	0.8	1.2	1.6	0.0
Second Quintile	8,956	14.6	33,405	2,631	30,774	7.9	3.9	4.6	1.4
Middle Quintile	11,470	18.7	59,671	8,100	51,571	13.6	8.9	9.9	5.4
Fourth Quintile	15,032	24.5	95,023	17,016	78,007	17.9	18.5	19.6	14.7
Top Quintile	18,609	30.3	281,842	73,140	208,702	26.0	67.8	64.8	78.4
All	61,357	100.0	126,020	28,302	97,718	22.5	100.0	100.0	100.0
Addendum									
80-90	8,860	14.4	138,312	29,646	108,666	21.4	15.9	16.1	15.1
90-95	4,843	7.9	192,091	44,066	148,025	22.9	12.0	12.0	12.3
95-99	3,890	6.3	337,723	85,881	251,842	25.4	17.0	16.3	19.2
Top 1 Percent	1,015	1.7	1,748,464	542,589	1,205,875	31.0	23.0	20.4	31.7
Top 0.1 Percent	102	0.2	7,890,377	2,678,518	5,211,859	34.0	10.5	8.9	15.8

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Table T10-0147
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Reduce Tax on Long-Term Capital Gains
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	0.0	0.0	0.0	0.0	0	0.0	0.0	-5.3	0.0	-7.2
Second Quintile	0.9	0.0	0.0	0.5	-1	0.0	0.1	9.6	0.0	6.0
Middle Quintile	4.8	0.0	0.0	3.7	-6	-0.1	0.1	27.5	0.0	15.3
Fourth Quintile	11.4	0.0	0.0	9.0	-26	-0.2	0.1	29.5	0.0	19.7
Top Quintile	26.8	0.0	0.4	86.7	-564	-1.3	-0.3	38.6	-0.3	24.8
All	3.9	0.0	0.1	100.0	-33	-0.6	0.0	100.0	-0.1	13.9
Addendum										
80-90	18.5	0.0	0.1	9.0	-90	-0.4	0.0	14.5	-0.1	22.8
90-95	32.8	0.0	0.3	8.7	-302	-0.8	0.0	5.9	-0.2	23.3
95-99	47.5	0.0	0.4	16.5	-771	-1.2	-0.1	8.0	-0.3	23.7
Top 1 Percent	79.4	0.0	1.3	52.6	-12,860	-2.8	-0.2	10.2	-0.9	30.9
Top 0.1 Percent	88.4	0.0	1.9	31.5	-87,379	-3.6	-0.2	4.8	-1.3	33.5

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	7,840	31.9	13,490	-966	14,455	-7.2	10.3	12.9	-5.3
Second Quintile	7,497	30.5	30,617	1,831	28,786	6.0	22.4	24.5	9.6
Middle Quintile	5,095	20.8	50,275	7,686	42,589	15.3	25.0	24.6	27.4
Fourth Quintile	2,777	11.3	76,881	15,151	61,730	19.7	20.8	19.4	29.4
Top Quintile	1,242	5.1	178,521	44,833	133,688	25.1	21.6	18.8	38.9
All	24,547	100.0	41,760	5,832	35,928	14.0	100.0	100.0	100.0
Addendum									
80-90	805	3.3	112,763	25,824	86,938	22.9	8.9	7.9	14.5
90-95	232	0.9	154,893	36,390	118,503	23.5	3.5	3.1	5.9
95-99	173	0.7	278,418	66,766	211,652	24.0	4.7	4.1	8.1
Top 1 Percent	33	0.1	1,423,600	452,295	971,304	31.8	4.6	3.6	10.4
Top 0.1 Percent	3	0.0	6,950,503	2,414,099	4,536,405	34.7	2.0	1.5	4.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains. Policy is reduced tax rates on long-term capital gains (0 percent for tax units in 15 percent bracket or lower, 15 percent for tax units in tax brackets above 15 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 T10-0147
Incremental Effects of Extending the 2001 and 2003 Tax Cuts
Reduce Tax on Long-Term Capital Gains
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.0	0.0	0.0	0.0	0	0.0	0.0	-1.3	0.0	-8.9
Second Quintile	1.4	0.0	0.0	0.1	-1	-0.1	0.0	2.2	0.0	6.1
Middle Quintile	8.5	0.0	0.0	1.6	-14	-0.2	0.1	10.0	0.0	15.4
Fourth Quintile	19.0	0.0	0.1	4.7	-44	-0.2	0.1	19.9	0.0	19.4
Top Quintile	47.7	0.0	0.5	93.6	-1,044	-1.3	-0.2	69.2	-0.3	26.8
All	14.0	0.0	0.3	100.0	-189	-0.9	0.0	100.0	-0.2	21.0
Addendum										
80-90	35.2	0.0	0.1	4.7	-99	-0.3	0.1	15.9	-0.1	22.6
90-95	51.1	0.0	0.1	4.7	-221	-0.4	0.1	10.8	-0.1	23.9
95-99	69.3	0.0	0.3	14.8	-875	-0.8	0.0	17.0	-0.2	26.7
Top 1 Percent	86.9	0.0	1.2	69.4	-17,198	-2.5	-0.4	25.6	-0.8	32.3
Top 0.1 Percent	94.4	0.0	1.9	47.1	-121,037	-3.5	-0.3	12.2	-1.2	33.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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 Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	10,133	20.6	14,723	-1,303	16,026	-8.9	3.2	4.4	-1.3
Second Quintile	10,359	21.1	34,672	2,104	32,568	6.1	7.7	9.1	2.2
Middle Quintile	10,251	20.9	62,298	9,617	52,681	15.4	13.6	14.6	9.9
Fourth Quintile	9,800	19.9	103,142	20,040	83,102	19.4	21.6	22.0	19.7
Top Quintile	8,315	16.9	306,063	83,137	222,926	27.2	54.3	50.2	69.4
All	49,155	100.0	95,419	20,264	75,155	21.2	100.0	100.0	100.0
Addendum									
80-90	4,398	9.0	157,496	35,755	121,741	22.7	14.8	14.5	15.8
90-95	1,976	4.0	224,546	53,886	170,660	24.0	9.5	9.1	10.7
95-99	1,567	3.2	400,356	107,655	292,700	26.9	13.4	12.4	16.9
Top 1 Percent	374	0.8	2,088,455	692,047	1,396,408	33.1	16.7	14.1	26.0
Top 0.1 Percent	36	0.1	9,839,694	3,457,755	6,381,939	35.1	7.6	6.2	12.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

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

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains. Policy is reduced tax rates on long-term capital gains (0 percent for tax units in 15 percent bracket or lower, 15 percent for tax units in tax brackets above 15 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 T10-0147
Incremental Effects of Extending the 2001 and 2003 Tax Cuts
Reduce Tax on Long-Term Capital Gains
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.5	0.0	0.0	0.0	0	0.0	0.0	0.3	0.0	2.5
Second Quintile	7.1	0.0	0.1	0.7	-11	-1.2	0.0	1.7	-0.1	3.8
Middle Quintile	15.9	0.0	0.1	1.7	-35	-1.4	0.1	3.6	-0.1	6.1
Fourth Quintile	40.1	0.0	0.2	6.0	-134	-1.7	0.1	10.4	-0.2	11.3
Top Quintile	70.5	0.0	1.1	91.6	-2,021	-3.1	-0.2	84.0	-0.8	24.5
All	25.3	0.0	0.7	100.0	-406	-2.9	0.0	100.0	-0.5	18.2
Addendum										
80-90	59.6	0.0	0.4	6.9	-350	-2.0	0.1	10.0	-0.3	16.4
90-95	73.2	0.0	0.5	7.2	-653	-2.2	0.1	9.5	-0.4	19.2
95-99	80.6	0.0	0.9	19.4	-1,721	-2.7	0.0	20.8	-0.6	23.4
Top 1 Percent	89.9	0.0	1.7	58.2	-16,630	-3.8	-0.4	43.7	-1.2	30.3
Top 0.1 Percent	96.7	0.0	2.2	32.7	-95,401	-4.2	-0.3	21.8	-1.5	33.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

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 Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	5,016	16.4	10,899	271	10,628	2.5	2.4	2.8	0.3
Second Quintile	8,213	26.9	22,528	870	21,658	3.9	8.0	9.5	1.7
Middle Quintile	5,981	19.6	41,094	2,528	38,566	6.2	10.6	12.3	3.5
Fourth Quintile	5,495	18.0	70,238	8,100	62,139	11.5	16.7	18.2	10.3
Top Quintile	5,617	18.4	257,048	64,864	192,184	25.2	62.4	57.4	84.2
All	30,543	100.0	75,737	14,171	61,566	18.7	100.0	100.0	100.0
Addendum									
80-90	2,427	8.0	105,444	17,672	87,772	16.8	11.1	11.3	9.9
90-95	1,362	4.5	153,103	30,078	123,025	19.7	9.0	8.9	9.5
95-99	1,394	4.6	267,882	64,285	203,597	24.0	16.1	15.1	20.7
Top 1 Percent	434	1.4	1,396,961	440,038	956,923	31.5	26.2	22.1	44.1
Top 0.1 Percent	42	0.1	6,520,091	2,261,131	4,258,960	34.7	12.0	9.6	22.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

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

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