

**Table T10-0149**  
**Incremental Effects of Extending the 2001 and 2003 Tax Cuts**  
**Repeal Personal Exemption Phaseout and Limitation on Itemized Deductions**  
**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 in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
<b>Lowest Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	4.6
<b>Second Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	10.3
<b>Middle Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	16.5
<b>Fourth Quintile</b>	0.2	0.0	0.0	0.0	0	0.0	19.5
<b>Top Quintile</b>	19.5	0.0	0.4	100.0	-779	-0.3	25.7
<b>All</b>	2.9	0.0	0.2	100.0	-115	-0.2	21.2
<b>Addendum</b>							
<b>80-90</b>	0.3	0.0	0.0	0.1	-1	0.0	22.0
<b>90-95</b>	30.5	0.0	0.0	1.5	-46	0.0	23.1
<b>95-99</b>	41.8	0.0	0.3	19.0	-739	-0.2	25.2
<b>Top 1 Percent</b>	67.7	0.0	1.0	79.5	-12,129	-0.7	30.2
<b>Top 0.1 Percent</b>	78.7	0.0	1.0	34.9	-52,808	-0.6	32.9

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

Number of AMT Taxpayers (millions). Baseline: 3.8

Proposal: 4.6

\*\* 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; 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). Policy is repeal of the personal exemption phaseout (PEP) and limitation on itemized deductions (Pease).

(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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**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
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.8	0.0	4.6
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	4.1	0.0	10.3
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	10.8	0.0	16.5
Fourth Quintile	0.2	0.0	0.0	0.0	0	0.0	0.1	18.2	0.0	19.5
Top Quintile	19.5	0.0	0.4	100.0	-779	-1.1	-0.2	66.0	-0.3	25.7
All	2.9	0.0	0.2	100.0	-115	-0.7	0.0	100.0	-0.2	21.2
<b>Addendum</b>										
80-90	0.3	0.0	0.0	0.1	-1	0.0	0.1	14.0	0.0	22.0
90-95	30.5	0.0	0.0	1.5	-46	-0.1	0.1	10.3	0.0	23.1
95-99	41.8	0.0	0.3	19.0	-739	-0.8	0.0	16.0	-0.2	25.2
Top 1 Percent	67.7	0.0	1.0	79.5	-12,129	-2.2	-0.4	25.8	-0.7	30.2
Top 0.1 Percent	78.7	0.0	1.0	34.9	-52,808	-1.9	-0.2	13.0	-0.6	32.9

**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 Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total	
	Number (thousands)	Percent of Total								
Lowest Quintile	38,450	24.4	11,600	536	11,064	4.6	3.7	4.5	0.8	
Second Quintile	34,947	22.2	28,852	2,970	25,882	10.3	8.4	9.6	4.1	
Middle Quintile	31,868	20.3	52,224	8,617	43,606	16.5	13.9	14.7	10.7	
Fourth Quintile	26,646	16.9	88,978	17,314	71,663	19.5	19.8	20.3	18.0	
Top Quintile	23,298	14.8	280,229	72,812	207,417	26.0	54.5	51.3	66.3	
All	157,348	100.0	76,169	16,272	59,897	21.4	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	11,720	7.5	138,385	30,375	108,010	22.0	13.5	13.4	13.9	
90-95	5,734	3.6	196,549	45,496	151,052	23.2	9.4	9.2	10.2	
95-99	4,655	3.0	345,574	87,885	257,689	25.4	13.4	12.7	16.0	
Top 1 Percent	1,190	0.8	1,825,188	563,544	1,261,644	30.9	18.1	15.9	26.2	
Top 0.1 Percent	120	0.1	8,367,274	2,803,303	5,563,971	33.5	8.4	7.1	13.1	

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

Number of AMT Taxpayers (millions). Baseline: 3.8

Proposal: 4.6

(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; 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). Policy is repeal of the personal exemption phaseout (PEP) and limitation on itemized deductions (Pease).

(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.

**Table T10-0149**  
**Incremental Effects of Extending the 2001 and 2003 Tax Cuts**  
**Repeal Personal Exemption Phaseout and Limitation on Itemized Deductions**  
**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
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	1.0
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.8	0.0	8.5
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	8.6	0.0	15.1
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	17.3	0.0	18.9
Top Quintile	15.3	0.0	0.4	100.0	-606	-1.0	-0.2	71.0	-0.3	25.6
All	2.9	0.0	0.2	100.0	-115	-0.7	0.0	100.0	-0.2	21.2
<b>Addendum</b>										
80-90	2.3	0.0	0.0	0.2	-2	0.0	0.1	15.3	0.0	22.0
90-95	14.2	0.0	0.0	1.1	-26	-0.1	0.1	11.6	0.0	23.3
95-99	38.3	0.0	0.3	20.6	-629	-0.9	0.0	17.2	-0.2	25.0
Top 1 Percent	61.9	0.0	0.9	78.2	-9,878	-2.0	-0.4	26.9	-0.6	30.0
Top 0.1 Percent	75.6	0.0	0.9	35.5	-45,198	-1.9	-0.2	13.5	-0.6	32.6

**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 Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	31,706	20.2	10,935	114	10,821	1.0	2.9	3.6	0.1
Second Quintile	32,349	20.6	26,208	2,221	23,987	8.5	7.1	8.2	2.8
Middle Quintile	31,237	19.9	46,322	7,000	39,322	15.1	12.1	13.0	8.5
Fourth Quintile	29,980	19.1	77,565	14,691	62,875	18.9	19.4	20.0	17.2
Top Quintile	29,936	19.0	235,547	60,870	174,677	25.8	58.8	55.5	71.2
All	157,348	100.0	76,169	16,272	59,897	21.4	100.0	100.0	100.0
<b>Addendum</b>									
80-90	15,019	9.6	117,658	25,939	91,718	22.1	14.7	14.6	15.2
90-95	7,540	4.8	167,170	38,999	128,171	23.3	10.5	10.3	11.5
95-99	5,940	3.8	294,212	74,269	219,942	25.2	14.6	13.9	17.2
Top 1 Percent	1,436	0.9	1,584,726	485,569	1,099,156	30.6	19.0	16.8	27.2
Top 0.1 Percent	142	0.1	7,360,192	2,446,083	4,914,109	33.2	8.7	7.4	13.6

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

Number of AMT Taxpayers (millions). Baseline: 3.8 Proposal: 4.6

(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; 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). Policy is repeal of the personal exemption phaseout (PEP) and limitation on itemized deductions (Pease).

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

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(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The 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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**Incremental Effects of Extending the 2001 and 2003 Tax Cuts**  
**Repeal Personal Exemption Phaseout and Limitation on Itemized Deductions**  
**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>	0.0	0.0	0.0	0.0	0	0.0	0.0	1.6	0.0	7.1
<b>Second Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	5.1	0.0	10.7
<b>Middle Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	12.6	0.0	17.1
<b>Fourth Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.1	20.8	0.0	21.0
<b>Top Quintile</b>	5.5	0.0	0.2	100.0	-199	-0.5	-0.1	59.9	-0.1	26.7
<b>All</b>	0.8	0.0	0.1	100.0	-28	-0.3	0.0	100.0	-0.1	21.5
<b>Addendum</b>										
<b>80-90</b>	0.0	0.0	0.0	0.0	0	0.0	0.1	15.6	0.0	23.9
<b>90-95</b>	0.2	0.0	0.0	0.0	0	0.0	0.0	10.9	0.0	25.0
<b>95-99</b>	18.7	0.0	0.1	12.2	-130	-0.3	0.0	14.5	-0.1	25.7
<b>Top 1 Percent</b>	52.8	0.0	0.7	87.8	-4,633	-1.3	-0.2	19.0	-0.4	32.3
<b>Top 0.1 Percent</b>	70.7	0.0	0.8	45.6	-27,408	-1.5	-0.1	9.0	-0.5	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-	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
<b>Lowest Quintile</b>	16,972	24.6	8,380	595	7,786	7.1	4.7	5.6	1.6
<b>Second Quintile</b>	15,474	22.5	19,970	2,136	17,834	10.7	10.2	11.6	5.1
<b>Middle Quintile</b>	14,005	20.3	34,261	5,846	28,416	17.1	15.9	16.8	12.5
<b>Fourth Quintile</b>	11,543	16.8	55,833	11,723	44,110	21.0	21.3	21.5	20.7
<b>Top Quintile</b>	9,596	13.9	151,979	40,828	111,151	26.9	48.2	45.0	60.0
<b>All</b>	68,932	100.0	43,878	9,472	34,406	21.6	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	5,066	7.4	84,037	20,048	63,990	23.9	14.1	13.7	15.6
<b>90-95</b>	2,373	3.4	119,032	29,751	89,280	25.0	9.3	8.9	10.8
<b>95-99</b>	1,795	2.6	204,548	52,613	151,935	25.7	12.1	11.5	14.5
<b>Top 1 Percent</b>	361	0.5	1,060,631	346,660	713,971	32.7	12.7	10.9	19.2
<b>Top 0.1 Percent</b>	32	0.1	5,243,107	1,883,107	3,360,000	35.9	5.5	4.5	9.1

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 (CDCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains; 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). Policy is repeal of the personal exemption phaseout (PEP) and limitation on itemized deductions (Pease).

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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 T10-0149**  
**Incremental Effects of Extending the 2001 and 2003 Tax Cuts**  
**Repeal Personal Exemption Phaseout and Limitation on Itemized Deductions**  
**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>	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	0.8
<b>Second Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	1.4	0.0	7.9
<b>Middle Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.1	5.5	0.0	13.5
<b>Fourth Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.1	15.0	0.0	17.8
<b>Top Quintile</b>	20.8	0.0	0.4	100.0	-831	-1.2	-0.2	78.0	-0.3	25.2
<b>All</b>	6.3	0.0	0.3	100.0	-252	-0.9	0.0	100.0	-0.2	22.0
<b>Addendum</b>										
<b>80-90</b>	3.5	0.0	0.0	0.2	-3	0.0	0.1	15.4	0.0	21.3
<b>90-95</b>	21.1	0.0	0.0	1.2	-38	-0.1	0.1	12.5	0.0	22.8
<b>95-99</b>	48.4	0.0	0.4	22.0	-876	-1.0	0.0	19.3	-0.3	24.9
<b>Top 1 Percent</b>	65.0	0.0	1.0	76.6	-11,660	-2.2	-0.4	30.8	-0.7	29.5
<b>Top 0.1 Percent</b>	77.3	0.0	0.9	33.2	-50,146	-1.9	-0.2	15.3	-0.6	32.1

**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>	6,622	10.8	14,526	118	14,408	0.8	1.2	1.6	0.1
<b>Second Quintile</b>	8,956	14.6	33,405	2,624	30,780	7.9	3.9	4.6	1.4
<b>Middle Quintile</b>	11,470	18.7	59,671	8,078	51,593	13.5	8.9	9.8	5.4
<b>Fourth Quintile</b>	15,032	24.5	95,023	16,945	78,078	17.8	18.5	19.5	14.9
<b>Top Quintile</b>	18,609	30.3	281,842	71,964	209,878	25.5	67.8	64.9	78.2
<b>All</b>	61,357	100.0	126,020	27,923	98,097	22.2	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	8,860	14.4	138,312	29,509	108,803	21.3	15.9	16.0	15.3
<b>90-95</b>	4,843	7.9	192,091	43,818	148,273	22.8	12.0	11.9	12.4
<b>95-99</b>	3,890	6.3	337,723	84,939	252,784	25.2	17.0	16.3	19.3
<b>Top 1 Percent</b>	1,015	1.7	1,748,464	527,027	1,221,438	30.1	23.0	20.6	31.2
<b>Top 0.1 Percent</b>	102	0.2	7,890,377	2,578,981	5,311,396	32.7	10.5	9.0	15.4

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 (CDCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains; 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). Policy is repeal of the personal exemption phaseout (PEP) and limitation on itemized deductions (Pease).

(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 T10-0149**  
**Incremental Effects of Extending the 2001 and 2003 Tax Cuts**  
**Repeal Personal Exemption Phaseout and Limitation on Itemized Deductions**  
**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
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-5.3	0.0	-7.2
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	9.7	0.0	6.0
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	27.6	0.0	15.3
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	29.6	0.0	19.7
Top Quintile	4.3	0.0	0.2	100.0	-269	-0.6	-0.1	38.5	-0.2	24.7
All	0.2	0.0	0.0	100.0	-14	-0.2	0.0	100.0	0.0	13.9
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.0	14.6	0.0	22.8
90-95	3.2	0.0	0.0	0.2	-3	0.0	0.0	5.9	0.0	23.3
95-99	14.0	0.0	0.2	18.1	-351	-0.5	0.0	8.0	-0.1	23.6
Top 1 Percent	64.2	0.0	0.8	81.7	-8,255	-1.9	-0.2	10.0	-0.6	30.3
Top 0.1 Percent	76.9	0.0	0.9	35.2	-40,393	-1.7	-0.1	4.7	-0.6	32.9

**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-	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	7,840	31.9	13,490	-966	14,455	-7.2	10.3	12.8	-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	7,680	42,595	15.3	25.0	24.6	27.5
Fourth Quintile	2,777	11.3	76,881	15,125	61,756	19.7	20.8	19.4	29.5
Top Quintile	1,242	5.1	178,521	44,268	134,253	24.8	21.6	18.9	38.6
All	24,547	100.0	41,760	5,799	35,960	13.9	100.0	100.0	100.0
<b>Addendum</b>									
80-90	805	3.3	112,763	25,734	87,028	22.8	8.9	7.9	14.5
90-95	232	0.9	154,893	36,088	118,805	23.3	3.5	3.1	5.9
95-99	173	0.7	278,418	65,995	212,423	23.7	4.7	4.2	8.0
Top 1 Percent	33	0.1	1,423,600	439,435	984,164	30.9	4.6	3.7	10.2
Top 0.1 Percent	3	0.0	6,950,503	2,326,719	4,623,784	33.5	2.0	1.5	4.8

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 (CDCTC), and the Child Tax Credit (CTC); taxation of qualified dividends the same as long-term capital gains; 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). Policy is repeal of the personal exemption phaseout (PEP) and limitation on itemized deductions (Pease).

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

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(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The 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 T10-0149**  
**Incremental Effects of Extending the 2001 and 2003 Tax Cuts**  
**Repeal Personal Exemption Phaseout and Limitation on Itemized Deductions**  
**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 in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-1.4	0.0	-8.9
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.2	0.0	6.1
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	10.1	0.0	15.4
Fourth Quintile	0.1	0.0	0.0	0.0	0	0.0	0.2	20.1	0.0	19.4
Top Quintile	24.4	0.0	0.5	100.0	-1,118	-1.4	-0.3	68.9	-0.4	26.5
All	4.1	0.0	0.3	100.0	-189	-0.9	0.0	100.0	-0.2	20.8
<b>Addendum</b>										
80-90	7.3	0.0	0.0	0.3	-6	0.0	0.2	16.0	0.0	22.6
90-95	39.1	0.0	0.1	1.8	-85	-0.2	0.1	10.8	0.0	23.9
95-99	41.1	0.0	0.5	26.6	-1,578	-1.5	-0.1	16.9	-0.4	26.3
Top 1 Percent	78.7	0.0	1.3	71.3	-17,711	-2.6	-0.4	25.1	-0.9	31.5
Top 0.1 Percent	84.5	0.0	1.1	27.2	-70,016	-2.1	-0.1	12.0	-0.7	33.2

**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								
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	2,103	32,569	6.1	7.7	9.1	2.2	
Middle Quintile	10,251	20.9	62,298	9,603	52,695	15.4	13.6	14.6	10.0	
Fourth Quintile	9,800	19.9	103,142	19,996	83,146	19.4	21.6	22.0	19.9	
Top Quintile	8,315	16.9	306,063	82,093	223,970	26.8	54.3	50.3	69.2	
All	49,155	100.0	95,419	20,075	75,344	21.0	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	4,398	9.0	157,496	35,656	121,840	22.6	14.8	14.5	15.9	
90-95	1,976	4.0	224,546	53,665	170,881	23.9	9.5	9.1	10.8	
95-99	1,567	3.2	400,356	106,780	293,575	26.7	13.4	12.4	17.0	
Top 1 Percent	374	0.8	2,088,455	674,848	1,413,606	32.3	16.7	14.3	25.6	
Top 0.1 Percent	36	0.1	9,839,694	3,336,718	6,502,976	33.9	7.6	6.3	12.2	

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; 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). Policy is repeal of the personal exemption phaseout (PEP) and limitation on itemized deductions (Pease).

(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 T10-0149**  
**Incremental Effects of Extending the 2001 and 2003 Tax Cuts**  
**Repeal Personal Exemption Phaseout and Limitation on Itemized Deductions**  
**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
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.3	0.0	2.5
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.7	0.0	3.8
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.6	0.0	6.1
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	10.5	0.0	11.3
Top Quintile	13.7	0.0	0.3	100.0	-494	-0.8	-0.1	83.9	-0.2	24.3
All	2.5	0.0	0.2	100.0	-91	-0.7	0.0	100.0	-0.1	18.1
<b>Addendum</b>										
80-90	0.4	0.0	0.0	0.0	0	0.0	0.1	10.1	0.0	16.4
90-95	5.1	0.0	0.0	0.3	-6	0.0	0.1	9.6	0.0	19.2
95-99	35.0	0.0	0.1	13.6	-272	-0.4	0.1	20.8	-0.1	23.3
Top 1 Percent	46.8	0.0	0.6	86.1	-5,511	-1.3	-0.3	43.4	-0.4	29.9
Top 0.1 Percent	67.3	0.0	0.7	46.8	-30,624	-1.4	-0.2	21.7	-0.5	32.8

**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							
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	860	21,668	3.8	8.0	9.4	1.7
Middle Quintile	5,981	19.6	41,094	2,493	38,601	6.1	10.6	12.2	3.6
Fourth Quintile	5,495	18.0	70,238	7,965	62,273	11.3	16.7	18.1	10.4
Top Quintile	5,617	18.4	257,048	62,843	194,205	24.5	62.4	57.6	84.0
All	30,543	100.0	75,737	13,765	61,972	18.2	100.0	100.0	100.0
<b>Addendum</b>									
80-90	2,427	8.0	105,444	17,322	88,122	16.4	11.1	11.3	10.0
90-95	1,362	4.5	153,103	29,425	123,678	19.2	9.0	8.9	9.5
95-99	1,394	4.6	267,882	62,564	205,318	23.4	16.1	15.1	20.8
Top 1 Percent	434	1.4	1,396,961	423,408	973,553	30.3	26.2	22.3	43.7
Top 0.1 Percent	42	0.1	6,520,091	2,165,730	4,354,361	33.2	12.0	9.8	21.8

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.

(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; 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). Policy is repeal of the personal exemption phaseout (PEP) and limitation on itemized deductions (Pease).

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

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