

**Table T10-0169**  
**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Restore Marriage Penalties: Standard Deduction, Bottom Tax Brackets for Couples, and EITC Phaseout Threshold**  
**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 (%) Points)	Under the Proposal
<b>Lowest Quintile</b>	0.0	2.4	0.0	0.5	4	0.0	4.9
<b>Second Quintile</b>	0.0	15.6	-0.2	6.7	58	0.2	11.4
<b>Middle Quintile</b>	0.0	23.7	-0.2	8.1	77	0.2	17.2
<b>Fourth Quintile</b>	0.0	39.3	-0.4	22.0	251	0.3	20.2
<b>Top Quintile</b>	0.0	70.5	-0.4	62.7	818	0.3	27.0
<b>All</b>	0.0	25.9	-0.3	100.0	193	0.3	22.3
<b>Addendum</b>							
<b>80-90</b>	0.0	74.2	-0.8	33.5	870	0.6	23.0
<b>90-95</b>	0.0	77.6	-0.6	17.1	904	0.5	23.9
<b>95-99</b>	0.0	53.4	-0.2	8.9	584	0.2	26.1
<b>Top 1 Percent</b>	0.0	67.5	-0.1	3.2	806	0.0	32.4
<b>Top 0.1 Percent</b>	0.0	74.5	0.0	0.4	877	0.0	35.6

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

Number of AMT Taxpayers (millions). Baseline: 3.7

Proposal: 2.9

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

<http://taxpolicycenter.org/numbers/displayatab.cfm?template=simulation&SimID=367>

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level— a 55 percent top tax rate and a \$1 million exemption, not indexed); top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; repeal of 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). Policy is restoration of marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles.

(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<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	2.4	0.0	0.5	4	0.7	0.0	0.8	0.0	4.9
Second Quintile	0.0	15.6	-0.2	6.7	58	1.8	0.0	4.3	0.2	11.4
Middle Quintile	0.0	23.7	-0.2	8.1	77	0.9	0.0	10.7	0.2	17.2
Fourth Quintile	0.0	39.3	-0.4	22.0	251	1.4	0.1	17.9	0.3	20.2
Top Quintile	0.0	70.5	-0.4	62.7	818	1.1	0.0	66.1	0.3	27.0
All	0.0	25.9	-0.3	100.0	193	1.2	0.0	100.0	0.3	22.3
<b>Addendum</b>										
80-90	0.0	74.2	-0.8	33.5	870	2.8	0.2	13.9	0.6	23.0
90-95	0.0	77.6	-0.6	17.1	904	2.0	0.1	10.1	0.5	23.9
95-99	0.0	53.4	-0.2	8.9	584	0.7	-0.1	15.7	0.2	26.1
Top 1 Percent	0.0	67.5	-0.1	3.2	806	0.1	-0.3	26.4	0.0	32.4
Top 0.1 Percent	0.0	74.5	0.0	0.4	877	0.0	-0.2	13.4	0.0	35.6

**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	562	11,038	4.9	3.7	4.5	0.8	
Second Quintile	34,947	22.2	28,852	3,230	25,622	11.2	8.4	9.6	4.3	
Middle Quintile	31,868	20.3	52,224	8,901	43,323	17.0	13.9	14.8	10.8	
Fourth Quintile	26,646	16.9	88,978	17,704	71,273	19.9	19.8	20.3	17.9	
Top Quintile	23,298	14.8	280,229	74,929	205,300	26.7	54.5	51.2	66.1	
All	157,348	100.0	76,169	16,773	59,395	22.0	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	11,720	7.5	138,385	30,884	107,501	22.3	13.5	13.5	13.7	
90-95	5,734	3.6	196,549	46,028	150,520	23.4	9.4	9.2	10.0	
95-99	4,655	3.0	345,574	89,592	255,983	25.9	13.4	12.8	15.8	
Top 1 Percent	1,190	0.8	1,825,188	590,735	1,234,453	32.4	18.1	15.7	26.6	
Top 0.1 Percent	120	0.1	8,367,274	2,973,782	5,393,492	35.5	8.4	6.9	13.5	

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

Number of AMT Taxpayers (millions). Baseline: 3.7 Proposal: 2.9

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed); top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; repeal of 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). Policy is restoration of marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles.

(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 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	5.2	-0.2	2.2	21	10.1	0.0	0.3	0.2	2.1
Second Quintile	0.0	18.2	-0.3	7.4	69	2.7	0.1	3.2	0.3	10.0
Middle Quintile	0.0	20.7	-0.1	5.5	54	0.7	0.0	8.6	0.1	15.8
Fourth Quintile	0.0	34.8	-0.4	22.6	229	1.5	0.1	17.1	0.3	19.6
Top Quintile	0.0	54.7	-0.4	62.3	633	1.0	-0.1	70.8	0.3	26.8
All	0.0	25.9	-0.3	100.0	193	1.2	0.0	100.0	0.3	22.3
<b>Addendum</b>										
80-90	0.0	55.9	-0.7	32.0	648	2.5	0.2	15.1	0.6	22.8
90-95	0.0	57.7	-0.5	16.6	668	1.7	0.1	11.3	0.4	24.0
95-99	0.0	47.5	-0.3	10.6	540	0.7	-0.1	17.0	0.2	25.9
Top 1 Percent	0.0	56.2	-0.1	3.2	670	0.1	-0.3	27.4	0.0	32.2
Top 0.1 Percent	0.0	64.3	0.0	0.4	753	0.0	-0.2	13.9	0.0	35.3

**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	206	10,729	1.9	2.9	3.6	0.3
Second Quintile	32,349	20.6	26,208	2,539	23,669	9.7	7.1	8.2	3.1
Middle Quintile	31,237	19.9	46,322	7,274	39,048	15.7	12.1	13.1	8.6
Fourth Quintile	29,980	19.1	77,565	14,984	62,581	19.3	19.4	20.1	17.0
Top Quintile	29,936	19.0	235,547	62,482	173,066	26.5	58.8	55.4	70.9
All	157,348	100.0	76,169	16,773	59,395	22.0	100.0	100.0	100.0
<b>Addendum</b>									
80-90	15,019	9.6	117,658	26,177	91,481	22.3	14.7	14.7	14.9
90-95	7,540	4.8	167,170	39,369	127,801	23.6	10.5	10.3	11.3
95-99	5,940	3.8	294,212	75,653	218,559	25.7	14.6	13.9	17.0
Top 1 Percent	1,436	0.9	1,584,726	509,009	1,075,717	32.1	19.0	16.5	27.7
Top 0.1 Percent	142	0.1	7,360,192	2,595,251	4,764,942	35.3	8.7	7.3	14.0

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

Number of AMT Taxpayers (millions). Baseline: 3.7

Proposal: 2.9

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; repeal of 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). Policy is restoration of marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles.

(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.

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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
Lowest Quintile	0.0	0.0	0.0	-2.0	0	0.0	0.0	1.5	0.0	7.2
Second Quintile	0.0	0.0	0.0	0.6	0	0.0	0.0	5.1	0.0	10.9
Middle Quintile	0.0	0.0	0.0	-22.3	0	0.0	0.0	12.4	0.0	17.2
Fourth Quintile	0.0	0.0	0.0	19.5	0	0.0	0.0	20.5	0.0	21.1
Top Quintile	0.0	0.0	0.0	100.0	0	0.0	0.0	60.4	0.0	27.6
All	0.0	0.0	0.0	100.0	0	0.0	0.0	100.0	0.0	22.0
<b>Addendum</b>										
80-90	0.0	0.0	0.0	14.1	0	0.0	0.0	15.4	0.0	24.0
90-95	0.0	0.0	0.0	-19.5	0	0.0	0.0	10.8	0.0	25.3
95-99	0.0	0.0	0.0	-9.4	0	0.0	0.0	14.5	0.0	26.3
Top 1 Percent	0.0	0.0	0.0	12.5	0	0.0	0.0	19.8	0.0	34.3
Top 0.1 Percent	0.0	0.0	0.0	3.1	0	0.0	0.0	9.5	0.0	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 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	603	7,777	7.2	4.7	5.6	1.5
Second Quintile	15,474	22.5	19,970	2,168	17,802	10.9	10.2	11.7	5.1
Middle Quintile	14,005	20.3	34,261	5,882	28,379	17.2	15.9	16.8	12.4
Fourth Quintile	11,543	16.8	55,833	11,793	44,040	21.1	21.3	21.5	20.5
Top Quintile	9,596	13.9	151,979	41,872	110,107	27.6	48.2	44.8	60.4
All	68,932	100.0	43,878	9,646	34,232	22.0	100.0	100.0	100.0
<b>Addendum</b>									
80-90	5,066	7.4	84,037	20,196	63,841	24.0	14.1	13.7	15.4
90-95	2,373	3.4	119,032	30,126	88,906	25.3	9.3	8.9	10.8
95-99	1,795	2.6	204,548	53,845	150,703	26.3	12.1	11.5	14.5
Top 1 Percent	361	0.5	1,060,631	363,728	696,903	34.3	12.7	10.7	19.8
Top 0.1 Percent	32	0.1	5,243,107	1,996,644	3,246,463	38.1	5.5	4.4	9.5

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

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; repeal of 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). Policy is restoration of marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles.

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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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**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
Lowest Quintile	0.0	23.2	-0.7	2.2	99	30.1	0.0	0.2	0.7	2.9
Second Quintile	0.0	61.9	-0.8	7.4	245	7.9	0.1	1.7	0.7	10.0
Middle Quintile	0.0	52.5	-0.3	5.3	138	1.6	0.0	5.6	0.2	14.6
Fourth Quintile	0.0	66.1	-0.6	22.1	438	2.5	0.1	14.9	0.5	18.8
Top Quintile	0.0	85.9	-0.5	62.9	1,005	1.4	-0.3	77.6	0.4	26.6
All	0.0	63.6	-0.5	100.0	484	1.7	0.0	100.0	0.4	23.2
<b>Addendum</b>										
80-90	0.0	91.9	-1.0	32.2	1,080	3.6	0.3	15.2	0.8	22.3
90-95	0.0	88.4	-0.7	16.8	1,031	2.3	0.1	12.2	0.5	23.5
95-99	0.0	71.3	-0.3	10.7	818	1.0	-0.1	18.9	0.2	25.8
Top 1 Percent	0.0	77.7	-0.1	3.2	938	0.2	-0.5	31.3	0.1	31.6
Top 0.1 Percent	0.0	85.0	0.0	0.4	1,020	0.0	-0.3	15.6	0.0	34.7

**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								
Lowest Quintile	6,622	10.8	14,526	328	14,198	2.3	1.2	1.6	0.1	
Second Quintile	8,956	14.6	33,405	3,110	30,295	9.3	3.9	4.6	1.6	
Middle Quintile	11,470	18.7	59,671	8,557	51,114	14.3	8.9	9.8	5.6	
Fourth Quintile	15,032	24.5	95,023	17,408	77,615	18.3	18.5	19.6	14.8	
Top Quintile	18,609	30.3	281,842	73,886	207,956	26.2	67.8	64.9	77.8	
All	61,357	100.0	126,020	28,804	97,216	22.9	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	8,860	14.4	138,312	29,809	108,503	21.6	15.9	16.1	14.9	
90-95	4,843	7.9	192,091	44,182	147,908	23.0	12.0	12.0	12.1	
95-99	3,890	6.3	337,723	86,400	251,323	25.6	17.0	16.4	19.0	
Top 1 Percent	1,015	1.7	1,748,464	552,299	1,196,165	31.6	23.0	20.4	31.7	
Top 0.1 Percent	102	0.2	7,890,377	2,737,994	5,152,384	34.7	10.5	8.8	15.9	

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

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; repeal of 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). Policy is restoration of marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles.

(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 T10-0169**  
**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Restore Marriage Penalties: Standard Deduction, Bottom Tax Brackets for Couples, and EITC Phaseout Threshold**  
**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	1.7	0	0.0	0.0	-4.0	0.0	-5.9
Second Quintile	0.0	0.0	0.0	10.1	0	0.0	0.0	12.4	0.0	8.3
Middle Quintile	0.0	0.0	0.0	18.0	0	0.0	0.0	27.1	0.0	16.2
Fourth Quintile	0.0	0.0	0.0	7.6	0	0.0	0.0	28.0	0.0	20.1
Top Quintile	0.0	0.0	0.0	-15.8	0	0.0	0.0	36.5	0.0	25.3
All	0.0	0.0	0.0	100.0	0	0.0	0.0	100.0	0.0	15.0
<b>Addendum</b>										
80-90	0.0	0.0	0.0	3.4	0	0.0	0.0	13.6	0.0	23.0
90-95	0.0	0.0	0.0	0.4	0	0.0	0.0	5.5	0.0	23.6
95-99	0.0	0.0	0.0	5.8	0	0.0	0.0	7.5	0.0	24.1
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	9.9	0.0	32.2
Top 0.1 Percent	0.0	0.0	0.0	2.0	0	0.0	0.0	4.6	0.0	35.2

**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	7,840	31.9	13,490	-789	14,279	-5.9	10.3	12.8	-4.0
Second Quintile	7,497	30.5	30,617	2,545	28,072	8.3	22.4	24.2	12.4
Middle Quintile	5,095	20.8	50,275	8,160	42,115	16.2	25.0	24.6	27.1
Fourth Quintile	2,777	11.3	76,881	15,476	61,405	20.1	20.8	19.6	28.0
Top Quintile	1,242	5.1	178,521	45,086	133,435	25.3	21.6	19.0	36.5
All	24,547	100.0	41,760	6,255	35,505	15.0	100.0	100.0	100.0
<b>Addendum</b>									
80-90	805	3.3	112,763	25,909	86,854	23.0	8.9	8.0	13.6
90-95	232	0.9	154,893	36,474	118,419	23.6	3.5	3.2	5.5
95-99	173	0.7	278,418	67,053	211,365	24.1	4.7	4.2	7.5
Top 1 Percent	33	0.1	1,423,600	457,664	965,936	32.2	4.6	3.7	9.9
Top 0.1 Percent	3	0.0	6,950,503	2,446,863	4,503,640	35.2	2.0	1.5	4.6

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

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; repeal of 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). Policy is restoration of marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles.

(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 T10-0169**  
**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Restore Marriage Penalties: Standard Deduction, Bottom Tax Brackets for Couples, and EITC Phaseout Threshold**  
**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
<b>Lowest Quintile</b>	0.0	11.5	-0.4	4.1	59	-5.7	0.1	-0.9	0.4	-6.6
<b>Second Quintile</b>	0.0	31.6	-0.5	12.1	171	5.7	0.1	3.2	0.5	9.2
<b>Middle Quintile</b>	0.0	31.3	-0.2	6.4	91	0.9	-0.1	10.3	0.2	16.8
<b>Fourth Quintile</b>	0.0	51.7	-0.6	30.2	452	2.2	0.2	19.9	0.4	20.5
<b>Top Quintile</b>	0.0	73.7	-0.4	47.3	836	1.0	-0.3	67.5	0.3	27.7
<b>All</b>	0.0	38.3	-0.4	100.0	299	1.4	0.0	100.0	0.3	22.2
<b>Addendum</b>										
<b>80-90</b>	0.0	81.6	-0.8	28.4	949	2.6	0.2	15.6	0.6	23.5
<b>90-95</b>	0.0	72.0	-0.5	10.5	779	1.4	0.0	10.4	0.4	24.4
<b>95-99</b>	0.0	51.9	-0.2	6.0	560	0.5	-0.2	16.3	0.1	27.2
<b>Top 1 Percent</b>	0.0	80.2	-0.1	2.4	957	0.1	-0.3	25.2	0.1	33.6
<b>Top 0.1 Percent</b>	0.0	85.7	0.0	0.3	1,011	0.0	-0.2	12.1	0.0	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>	10,133	20.6	14,723	-1,027	15,750	-7.0	3.2	4.4	-1.0
<b>Second Quintile</b>	10,359	21.1	34,672	3,027	31,646	8.7	7.7	9.0	3.1
<b>Middle Quintile</b>	10,251	20.9	62,298	10,370	51,928	16.7	13.6	14.5	10.3
<b>Fourth Quintile</b>	9,800	19.9	103,142	20,723	82,418	20.1	21.6	22.1	19.8
<b>Top Quintile</b>	8,315	16.9	306,063	83,803	222,260	27.4	54.3	50.5	67.8
<b>All</b>	49,155	100.0	95,419	20,923	74,496	21.9	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	4,398	9.0	157,496	36,016	121,480	22.9	14.8	14.6	15.4
<b>90-95</b>	1,976	4.0	224,546	54,000	170,546	24.1	9.5	9.2	10.4
<b>95-99</b>	1,567	3.2	400,356	108,142	292,214	27.0	13.4	12.5	16.5
<b>Top 1 Percent</b>	374	0.8	2,088,455	701,160	1,387,295	33.6	16.7	14.2	25.5
<b>Top 0.1 Percent</b>	36	0.1	9,839,694	3,515,091	6,324,603	35.7	7.6	6.2	12.3

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 policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; repeal of 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). Policy is restoration of marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles.

(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 T10-0169**  
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**Restore Marriage Penalties: Standard Deduction, Bottom Tax Brackets for Couples, and EITC Phaseout Threshold**  
**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>	0.0	1.3	0.0	0.4	4	1.5	0.0	0.3	0.0	2.6
<b>Second Quintile</b>	0.0	13.0	-0.1	4.3	26	2.9	0.0	1.7	0.1	4.0
<b>Middle Quintile</b>	0.0	19.2	-0.1	4.9	41	1.6	0.0	3.5	0.1	6.3
<b>Fourth Quintile</b>	0.0	41.0	-0.3	17.2	154	1.9	0.1	10.2	0.2	11.8
<b>Top Quintile</b>	0.0	52.7	-0.3	73.1	639	1.0	-0.1	84.2	0.3	26.0
<b>All</b>	0.0	24.5	-0.3	100.0	161	1.1	0.0	100.0	0.2	19.3
<b>Addendum</b>										
<b>80-90</b>	0.0	53.2	-0.7	31.3	634	3.6	0.2	10.1	0.6	17.5
<b>90-95</b>	0.0	57.7	-0.6	19.9	716	2.4	0.1	9.5	0.5	20.3
<b>95-99</b>	0.0	50.1	-0.3	17.3	609	0.9	0.0	20.6	0.2	24.6
<b>Top 1 Percent</b>	0.0	43.3	-0.1	4.6	525	0.1	-0.4	44.1	0.0	32.4
<b>Top 0.1 Percent</b>	0.0	59.2	0.0	0.6	698	0.0	-0.2	22.2	0.0	35.8

**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							
<b>Lowest Quintile</b>	5,016	16.4	10,899	277	10,622	2.5	2.4	2.9	0.3
<b>Second Quintile</b>	8,213	26.9	22,528	877	21,651	3.9	8.0	9.5	1.6
<b>Middle Quintile</b>	5,981	19.6	41,094	2,552	38,542	6.2	10.6	12.3	3.5
<b>Fourth Quintile</b>	5,495	18.0	70,238	8,142	62,096	11.6	16.7	18.2	10.2
<b>Top Quintile</b>	5,617	18.4	257,048	66,185	190,863	25.8	62.4	57.3	84.4
<b>All</b>	30,543	100.0	75,737	14,429	61,309	19.1	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	2,427	8.0	105,444	17,817	87,627	16.9	11.1	11.4	9.8
<b>90-95</b>	1,362	4.5	153,103	30,409	122,693	19.9	9.0	8.9	9.4
<b>95-99</b>	1,394	4.6	267,882	65,258	202,624	24.4	16.1	15.1	20.6
<b>Top 1 Percent</b>	434	1.4	1,396,961	452,163	944,798	32.4	26.2	21.9	44.5
<b>Top 0.1 Percent</b>	42	0.1	6,520,091	2,334,771	4,185,320	35.8	12.0	9.5	22.5

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 policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; repeal of 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). Policy is restoration of marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles.

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