

Table T10-0172
Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset
Eliminate AMT Patch
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Summary Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	5.4
10-20	0.0	0.0	0.0	0.0	0	0.0	5.3
20-30	0.0	0.0	0.0	0.0	0	0.0	10.8
30-40	0.0	1.1	0.0	0.2	5	0.0	15.0
40-50	0.0	4.5	-0.1	1.2	35	0.1	17.5
50-75	0.0	12.5	-0.2	7.4	123	0.2	19.6
75-100	0.0	29.6	-0.6	16.6	433	0.5	21.7
100-200	0.0	38.5	-0.7	40.7	741	0.5	24.6
200-500	0.0	60.3	-0.9	32.1	2,035	0.7	27.3
500-1,000	0.0	22.1	-0.1	1.4	498	0.1	28.5
More than 1,000	0.0	14.5	0.0	0.3	235	0.0	33.8
All	0.0	12.5	-0.4	100.0	239	0.3	23.5

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

Number of AMT Taxpayers (millions). Baseline: 1.2

Proposal: 19.7

** 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; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore 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; and repeal 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 elimination of the AMT patch.

(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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T10-0172
Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset
Eliminate AMT Patch
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Detail Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	5.4
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	0.7	0.0	5.3
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	2.1	0.0	10.8
30-40	0.0	1.1	0.0	0.2	5	0.1	0.0	3.1	0.0	15.0
40-50	0.0	4.5	-0.1	1.2	35	0.4	0.0	3.7	0.1	17.5
50-75	0.0	12.5	-0.2	7.4	123	1.0	0.0	10.2	0.2	19.6
75-100	0.0	29.6	-0.6	16.6	433	2.3	0.1	10.1	0.5	21.7
100-200	0.0	38.5	-0.7	40.7	741	2.2	0.2	25.5	0.5	24.6
200-500	0.0	60.3	-0.9	32.1	2,035	2.6	0.2	17.0	0.7	27.3
500-1,000	0.0	22.1	-0.1	1.4	498	0.3	-0.1	7.5	0.1	28.5
More than 1,000	0.0	14.5	0.0	0.3	235	0.0	-0.3	19.9	0.0	33.8
All	0.0	12.5	-0.4	100.0	239	1.4	0.0	100.0	0.3	23.5

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

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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							
Less than 10	16,958	10.8	5,723	309	5,414	5.4	0.8	1.0	0.2
10-20	24,305	15.5	15,533	827	14,706	5.3	3.2	3.9	0.7
20-30	21,133	13.4	25,808	2,781	23,026	10.8	4.6	5.3	2.1
30-40	16,074	10.2	36,190	5,415	30,774	15.0	4.9	5.4	3.1
40-50	12,909	8.2	46,615	8,116	38,499	17.4	5.0	5.4	3.8
50-75	22,702	14.4	64,099	12,461	51,639	19.4	12.1	12.7	10.2
75-100	14,431	9.2	90,195	19,163	71,032	21.3	10.9	11.1	10.0
100-200	20,606	13.1	141,257	34,059	107,198	24.1	24.3	24.0	25.3
200-500	5,930	3.8	296,062	78,845	217,218	26.6	14.7	14.0	16.8
500-1,000	1,048	0.7	704,969	200,326	504,643	28.4	6.2	5.7	7.6
More than 1,000	531	0.3	3,114,004	1,053,615	2,060,389	33.8	13.8	11.9	20.1
All	157,348	100.0	76,169	17,653	58,516	23.2	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 1.2

Proposal: 19.7

(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; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore 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; and repeal 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 elimination of the AMT patch.

(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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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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Eliminate AMT Patch
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.9	0.0	8.5
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	3.0	0.0	9.1
20-30	0.0	0.0	0.0	0.1	0	0.0	0.0	6.0	0.0	14.6
30-40	0.0	0.1	0.0	0.0	0	0.0	0.0	7.3	0.0	18.6
40-50	0.0	0.5	0.0	0.7	2	0.0	0.0	8.3	0.0	20.7
50-75	0.0	2.1	-0.1	13.3	24	0.2	0.0	18.4	0.0	23.1
75-100	0.0	4.1	-0.1	14.3	64	0.3	0.0	11.9	0.1	25.7
100-200	0.0	9.6	-0.2	36.6	174	0.5	0.0	18.1	0.1	27.0
200-500	0.0	30.3	-0.3	32.8	669	0.8	0.1	9.9	0.2	29.0
500-1,000	0.0	17.6	0.0	1.7	203	0.1	0.0	4.4	0.0	31.7
More than 1,000	0.0	13.9	0.0	0.6	123	0.0	0.0	11.7	0.0	36.7
All	0.0	1.4	-0.1	100.0	23	0.2	0.0	100.0	0.1	23.0

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

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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
Less than 10	12,161	17.6	5,710	484	5,227	8.5	2.3	2.7	0.9
10-20	14,889	21.6	15,384	1,400	13,984	9.1	7.6	8.9	3.0
20-30	11,204	16.3	25,667	3,748	21,919	14.6	9.5	10.5	6.1
30-40	7,555	11.0	36,120	6,727	29,392	18.6	9.0	9.5	7.3
40-50	6,018	8.7	46,555	9,623	36,932	20.7	9.3	9.5	8.4
50-75	8,766	12.7	63,234	14,596	48,638	23.1	18.3	18.3	18.4
75-100	3,599	5.2	89,193	22,897	66,296	25.7	10.6	10.2	11.9
100-200	3,384	4.9	137,406	36,982	100,424	26.9	15.4	14.6	18.0
200-500	787	1.1	300,163	86,447	213,716	28.8	7.8	7.2	9.8
500-1,000	138	0.2	697,814	220,775	477,039	31.6	3.2	2.8	4.4
More than 1,000	75	0.1	2,972,435	1,090,704	1,881,731	36.7	7.3	6.0	11.8
All	68,932	100.0	43,878	10,064	33,814	22.9	100.0	100.0	100.0

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

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(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T10-0172
Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset
Eliminate AMT Patch
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	5.3
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	3.4
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	0.5	0.0	7.0
30-40	0.0	0.1	0.0	0.0	0	0.0	0.0	0.9	0.0	10.3
40-50	0.0	1.6	0.0	0.1	5	0.1	0.0	1.3	0.0	12.9
50-75	0.0	9.3	-0.1	2.4	75	0.7	-0.1	5.6	0.1	16.4
75-100	0.0	33.6	-0.7	15.1	506	2.9	0.1	8.7	0.6	19.9
100-200	0.0	43.0	-0.8	44.2	836	2.5	0.2	29.3	0.6	24.1
200-500	0.0	64.7	-1.0	36.3	2,253	2.9	0.3	20.8	0.8	27.1
500-1,000	0.0	23.0	-0.1	1.6	557	0.3	-0.1	9.1	0.1	28.0
More than 1,000	0.0	14.7	0.0	0.4	256	0.0	-0.4	23.5	0.0	33.3
All	0.0	23.6	-0.5	100.0	500	1.6	0.0	100.0	0.4	24.5

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

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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
Less than 10	2,172	3.5	4,766	251	4,516	5.3	0.1	0.2	0.0
10-20	4,097	6.7	16,031	551	15,480	3.4	0.9	1.1	0.1
20-30	4,842	7.9	25,959	1,817	24,142	7.0	1.6	2.0	0.5
30-40	4,391	7.2	36,302	3,720	32,583	10.3	2.1	2.4	0.9
40-50	4,095	6.7	46,760	6,015	40,745	12.9	2.5	2.8	1.3
50-75	9,883	16.1	65,241	10,600	54,641	16.3	8.3	9.2	5.6
75-100	9,149	14.9	90,792	17,560	73,232	19.3	10.7	11.4	8.6
100-200	16,193	26.4	142,545	33,529	109,016	23.5	29.9	30.1	29.1
200-500	4,941	8.1	295,420	77,696	217,724	26.3	18.9	18.3	20.6
500-1,000	876	1.4	706,519	197,349	509,170	27.9	8.0	7.6	9.3
More than 1,000	435	0.7	3,075,014	1,025,038	2,049,976	33.3	17.3	15.2	23.9
All	61,357	100.0	126,020	30,417	95,603	24.1	100.0	100.0	100.0

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; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore 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; and repeal 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 elimination of the AMT patch.

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(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

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(5) 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 T10-0172
Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset
Eliminate AMT Patch
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.8	0.0	-7.7
10-20	0.0	0.0	0.0	0.0	0	0.0	0.1	-2.2	0.0	-4.8
20-30	0.0	0.0	0.0	0.0	0	0.0	-0.1	3.8	0.0	5.1
30-40	0.0	3.5	0.0	1.0	13	0.3	-0.3	10.4	0.0	12.7
40-50	0.0	17.1	-0.3	7.0	132	1.7	-0.1	11.5	0.3	16.7
50-75	0.0	43.1	-0.9	35.0	450	3.7	0.2	26.7	0.7	19.8
75-100	0.0	68.5	-1.3	28.2	929	4.8	0.3	17.0	1.0	22.8
100-200	0.0	64.1	-1.1	21.6	1,127	3.5	0.1	17.5	0.9	25.0
200-500	0.0	74.1	-1.0	7.0	2,132	2.9	0.0	6.9	0.7	25.9
500-1,000	0.0	18.2	0.0	0.1	167	0.1	-0.1	2.6	0.0	26.7
More than 1,000	0.0	16.3	0.0	0.0	184	0.0	-0.2	6.6	0.0	34.2
All	0.0	15.1	-0.5	100.0	186	2.8	0.0	100.0	0.5	16.2

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by Cash Income Level, 2012 ¹

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	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Less than 10	2,483	10.1	6,647	-514	7,161	-7.7	1.6	2.1	-0.8
10-20	5,029	20.5	15,579	-740	16,319	-4.8	7.6	9.5	-2.3
20-30	4,757	19.4	25,971	1,333	24,639	5.1	12.1	13.6	3.9
30-40	3,767	15.4	36,157	4,563	31,594	12.6	13.3	13.8	10.6
40-50	2,449	10.0	46,569	7,662	38,908	16.5	11.1	11.0	11.6
50-75	3,559	14.5	63,082	12,035	51,047	19.1	21.9	21.1	26.5
75-100	1,389	5.7	89,214	19,393	69,820	21.7	12.1	11.2	16.6
100-200	877	3.6	132,993	32,097	100,896	24.1	11.4	10.3	17.4
200-500	150	0.6	294,130	74,049	220,081	25.2	4.3	3.8	6.9
500-1,000	24	0.1	686,382	183,209	503,173	26.7	1.6	1.4	2.7
More than 1,000	11	0.0	2,985,055	1,020,067	1,964,988	34.2	3.2	2.5	6.8
All	24,547	100.0	41,760	6,594	35,166	15.8	100.0	100.0	100.0

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

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(5) 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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Eliminate AMT Patch
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Detail Table - Tax Units with Children

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.2	0.0	-11.3
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.7	0.0	-8.2
20-30	0.0	0.1	0.0	0.0	0	0.0	0.0	0.4	0.0	3.3
30-40	0.0	3.4	0.0	0.2	14	0.3	0.0	1.8	0.0	11.6
40-50	0.0	13.8	-0.3	1.4	107	1.5	0.0	2.6	0.2	16.0
50-75	0.0	32.0	-0.6	7.9	316	2.7	0.0	8.1	0.5	18.8
75-100	0.0	64.3	-1.3	19.0	962	5.2	0.2	10.2	1.1	21.4
100-200	0.0	71.2	-1.3	43.8	1,391	4.1	0.4	29.3	1.0	24.6
200-500	0.0	78.2	-1.4	26.9	2,902	3.7	0.2	20.1	1.0	27.7
500-1,000	0.0	19.8	-0.1	0.7	459	0.2	-0.2	8.3	0.1	29.7
More than 1,000	0.0	10.8	0.0	0.1	123	0.0	-0.5	19.9	0.0	34.7
All	0.0	32.0	-0.8	100.0	603	2.7	0.0	100.0	0.6	23.8

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

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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							
Less than 10	2,968	6.0	6,252	-706	6,958	-11.3	0.4	0.6	-0.2
10-20	5,639	11.5	15,769	-1,288	17,057	-8.2	1.9	2.7	-0.7
20-30	5,683	11.6	25,918	847	25,071	3.3	3.1	4.0	0.4
30-40	4,891	10.0	36,161	4,187	31,974	11.6	3.8	4.3	1.9
40-50	3,849	7.8	46,701	7,354	39,346	15.8	3.8	4.2	2.6
50-75	7,425	15.1	64,368	11,770	52,598	18.3	10.2	10.8	8.1
75-100	5,841	11.9	90,740	18,473	72,267	20.4	11.3	11.7	10.0
100-200	9,319	19.0	142,137	33,633	108,505	23.7	28.2	28.0	28.9
200-500	2,750	5.6	293,742	78,458	215,284	26.7	17.2	16.4	19.9
500-1,000	441	0.9	705,334	209,179	496,155	29.7	6.6	6.1	8.5
More than 1,000	206	0.4	3,105,769	1,077,910	2,027,859	34.7	13.7	11.6	20.5
All	49,155	100.0	95,419	22,061	73,359	23.1	100.0	100.0	100.0

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; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore 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; and repeal 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 elimination of the AMT patch.

(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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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 T10-0172
Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset
Eliminate AMT Patch
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	3.2
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	0.6	0.0	2.8
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	1.4	0.0	5.1
30-40	0.0	0.1	0.0	0.1	0	0.0	0.0	1.6	0.0	6.8
40-50	0.0	0.2	0.0	0.1	1	0.0	0.0	1.9	0.0	8.3
50-75	0.0	1.3	0.0	2.1	11	0.1	0.0	7.3	0.0	12.0
75-100	0.0	4.4	-0.1	5.4	50	0.4	0.0	7.6	0.1	15.7
100-200	0.0	9.4	-0.2	22.3	171	0.6	0.0	19.3	0.1	21.2
200-500	0.0	41.7	-0.5	60.1	1,224	1.6	0.2	19.4	0.4	26.3
500-1,000	0.0	31.3	-0.2	8.1	754	0.4	0.0	10.5	0.1	27.9
More than 1,000	0.0	21.0	0.0	2.0	339	0.0	-0.1	30.2	0.0	34.3
All	0.0	3.4	-0.1	100.0	75	0.5	0.0	100.0	0.1	20.1

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

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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							
Less than 10	2,305	7.6	6,366	201	6,166	3.2	0.6	0.8	0.1
10-20	6,471	21.2	15,655	432	15,222	2.8	4.4	5.3	0.6
20-30	5,084	16.7	25,560	1,313	24,247	5.1	5.6	6.7	1.4
30-40	2,999	9.8	36,054	2,440	33,614	6.8	4.7	5.5	1.6
40-50	2,259	7.4	46,537	3,880	42,657	8.3	4.5	5.2	1.9
50-75	4,405	14.4	64,489	7,699	56,791	11.9	12.3	13.5	7.3
75-100	2,504	8.2	89,136	13,944	75,191	15.6	9.7	10.2	7.6
100-200	2,986	9.8	141,589	29,909	111,681	21.1	18.3	18.0	19.3
200-500	1,128	3.7	304,121	78,835	225,286	25.9	14.8	13.7	19.2
500-1,000	245	0.8	709,954	197,391	512,563	27.8	7.5	6.8	10.5
More than 1,000	132	0.4	3,095,895	1,062,418	2,033,477	34.3	17.7	14.5	30.4
All	30,543	100.0	75,737	15,130	60,607	20.0	100.0	100.0	100.0

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; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore 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; and repeal 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 elimination of the AMT patch.

(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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(5) 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.