

Table T10-0180
Bipartisan Tax Fairness and Simplification Act of 2010 ("Wyden-Gregg")
Effective Marginal Individual Income Tax Rates by Cash Income Percentile, 2014¹

| Cash Income Percentile ^{2,3} | Tax Units (thousands) ⁴ | Average Effective Marginal Tax Rate (Percent) | | | | | |
|--|---------------------------------------|---|------------------|-----------------------|------------------|-----------------------|------------------|
| | | Current Law | | Current Policy | | Wyden-Gregg | |
| | | Wages and Salaries | Capital Gains | Wages and Salaries | Capital Gains | Wages and Salaries | Capital Gains |
| Lowest Quintile | 40,990 | 5.4 | 4.3 | 1.5 | 2.5 | -1.9 | 1.7 |
| Second Quintile | 36,129 | 18.1 | 6.6 | 16.0 | 1.1 | 12.8 | 2.3 |
| Middle Quintile | 32,694 | 20.9 | 12.0 | 18.7 | 5.4 | 16.0 | 6.8 |
| Fourth Quintile | 27,378 | 25.2 | 15.7 | 20.5 | 8.0 | 19.3 | 11.2 |
| Top Quintile | 23,893 | 32.7 | 20.1 | 29.4 | 15.4 | 30.4 | 21.0 |
| All | 161,771 | 26.8 | 19.6 | 23.4 | 14.8 | 22.8 | 20.1 |
| Addendum | | | | | | | |
| 80-90 | 12,051 | 27.9 | 18.9 | 26.4 | 14.1 | 25.6 | 13.7 |
| 90-95 | 5,876 | 31.2 | 21.7 | 27.8 | 14.9 | 29.8 | 16.8 |
| 95-99 | 4,752 | 35.2 | 21.8 | 32.5 | 17.9 | 34.2 | 20.4 |
| Top 1 Percent | 1,215 | 39.8 | 19.7 | 32.8 | 15.0 | 34.5 | 21.8 |
| Top 0.1 Percent | 123 | 40.2 | 19.8 | 34.1 | 15.0 | 34.8 | 21.9 |

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

(1) Calendar year. Effective marginal rate is determined by calculating individual income tax, and then adding \$1,000 to the appropriate income source (wages and salaries or long-term capital gains) and recomputing individual income tax. The effective marginal rate is the resulting change in tax divided by \$1,000. The averages are weighted by the appropriate income source. Average for capital gains is restricted to those with net positive long-term gains. Estimates do not include the Medicare surtax enacted as part of the health reform legislation.

(2) Tax units with negative cash income are excluded from the lowest quintile 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% \$19,925, 40% \$38,371, 60% \$67,991, 80% \$116,859, 90% \$169,290, 95% \$237,098, 99% \$632,966, 99.9% \$2,923,051.

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