Table T10-0214
Average Effective Marginal Individual Income Tax Rates (Percent), 2012 [1]

	Current Law	Administration Proposal [2]	Current Policy [3]
Wage and Salary Income			
Weighted by Wages and Salaries	26.1	23.5	22.8
Simple Average Across Tax Units	17.9	15.1	15.0
Realized Long-Term Capital Gains			
Weighted by Net Positive Long-Term Gains	19.7	18.9	14.6
Simple Average Across Tax Units	16.9	9.3	8.8

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

(1) Calendar year. Effective marginal rates are determined by calculating individual income tax under the baseline, adding $1,000 to the appropriate income source (wages and salaries or capital gains), calculating the resulting change in individual income tax, and dividing the result by $1,000. Tax units that are dependents of other tax units are excluded from the analysis. For the marginal rate on wages and salaries, tax units reporting zero wages and salaries are excluded from the analysis. For the marginal rate on capital gains, those reporting zero or negative capital gains are excluded from the analysis.

(2) Proposal extends the 2009 AMT patch and indexes the AMT for inflation, and extends the 2001 and 2003 individual income tax cuts but: (1) retains 39.6 percent top statutory rate; (2) retains 36 percent rate and adjusts threshold for start of the 36-percent bracket; (3) retains the limitation on itemized deductions (Pease) and personal exemption phaseout (PEP) for taxpayers with income greater than $250,000 for married couples ($200,000 for singles); and (4) retains 20-percent rate on capital gains and qualified dividends for taxpayers in the top 2 tax brackets.

(3) Current policy extends the 2009 AMT patch and indexes the AMT for inflation, and extends the 2001 and 2003 individual income tax cuts.