

**Table T10-0244**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2014 <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
Lowest Quintile	30.1	13.2	1.9	-9.2	-217	-1.8	2.9
Second Quintile	38.8	21.0	0.9	-9.2	-236	-0.8	9.4
Middle Quintile	39.7	26.3	0.5	-7.7	-219	-0.4	16.0
Fourth Quintile	33.7	37.7	0.2	-4.7	-159	-0.2	19.2
Top Quintile	17.2	65.8	-2.3	130.7	5,100	1.7	26.5
All	32.4	29.5	-0.9	100.0	576	0.7	21.4
<b>Addendum</b>							
80-90	22.9	54.2	0.1	-2.1	-160	-0.1	21.8
90-95	17.1	67.3	-0.1	0.6	91	0.0	23.2
95-99	7.1	85.4	-1.2	16.9	3,316	0.9	25.8
Top 1 Percent	1.6	97.8	-6.2	115.3	88,500	4.5	32.4
Top 0.1 Percent	0.0	99.9	-7.8	64.8	491,995	5.4	35.6

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

Number of AMT Taxpayers (millions). Baseline: 5.7

Proposal: 4.6

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

(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% \$19,925, 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 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, 2014<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	30.1	13.2	1.9	-9.2	-217	-37.7	-0.3	0.5	-1.8	2.9
Second Quintile	38.8	21.0	0.9	-9.2	-236	-7.6	-0.4	3.7	-0.8	9.4
Middle Quintile	39.7	26.3	0.5	-7.7	-219	-2.4	-0.6	10.2	-0.4	16.0
Fourth Quintile	33.7	37.7	0.2	-4.7	-159	-0.9	-0.8	17.7	-0.2	19.2
Top Quintile	17.2	65.8	-2.3	130.7	5,100	6.8	2.2	67.8	1.7	26.5
All	32.4	29.5	-0.9	100.0	576	3.4	0.0	100.0	0.7	21.4
<b>Addendum</b>										
80-90	22.9	54.2	0.1	-2.1	-160	-0.5	-0.5	13.8	-0.1	21.8
90-95	17.1	67.3	-0.1	0.6	91	0.2	-0.3	10.2	0.0	23.2
95-99	7.1	85.4	-1.2	16.9	3,316	3.6	0.0	16.1	0.9	25.8
Top 1 Percent	1.6	97.8	-6.2	115.3	88,500	15.9	3.0	27.7	4.5	32.4
Top 0.1 Percent	0.0	99.9	-7.8	64.8	491,995	18.1	1.7	14.0	5.4	35.6

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2014<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	
Lowest Quintile	39,416	24.4	12,314	575	11,739	4.7	3.7	4.4	0.8	
Second Quintile	36,129	22.3	30,366	3,098	27,268	10.2	8.3	9.4	4.1	
Middle Quintile	32,694	20.2	55,193	9,023	46,169	16.4	13.7	14.5	10.8	
Fourth Quintile	27,378	16.9	95,202	18,410	76,793	19.3	19.8	20.1	18.5	
Top Quintile	23,893	14.8	301,906	75,034	226,872	24.9	54.8	51.9	65.7	
All	161,771	100.0	81,418	16,876	64,542	20.7	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	12,052	7.5	148,490	32,499	115,991	21.9	13.6	13.4	14.4	
90-95	5,875	3.6	211,074	48,856	162,218	23.2	9.4	9.1	10.5	
95-99	4,752	2.9	372,043	92,545	279,498	24.9	13.4	12.7	16.1	
Top 1 Percent	1,215	0.8	1,988,880	555,126	1,433,754	27.9	18.3	16.7	24.7	
Top 0.1 Percent	123	0.1	9,038,534	2,721,914	6,316,620	30.1	8.4	7.4	12.2	

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

Number of AMT Taxpayers (millions). Baseline: 5.7

Proposal: 4.6

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

(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 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 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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**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2014<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	37.7	10.3	2.8	-11.2	-321	-198.6	-0.4	-0.2	-2.8	-1.4
Second Quintile	36.5	18.6	0.9	-8.0	-221	-9.3	-0.4	2.6	-0.8	7.8
Middle Quintile	42.5	23.5	0.5	-7.1	-206	-2.8	-0.5	8.1	-0.4	14.5
Fourth Quintile	31.5	35.2	0.3	-5.9	-180	-1.2	-0.8	16.8	-0.2	18.7
Top Quintile	14.3	63.8	-2.1	132.2	4,030	6.4	2.0	72.6	1.6	26.4
All	32.4	29.5	-0.9	100.0	576	3.4	0.0	100.0	0.7	21.4
<b>Addendum</b>										
80-90	19.7	51.3	0.1	-1.9	-117	-0.4	-0.6	15.1	-0.1	22.0
90-95	12.1	66.6	-0.1	0.9	111	0.3	-0.4	11.5	0.1	23.4
95-99	6.6	83.6	-1.1	16.7	2,572	3.3	0.0	17.4	0.8	25.5
Top 1 Percent	1.3	97.9	-5.9	116.5	74,327	15.5	3.0	28.7	4.3	32.0
Top 0.1 Percent	0.0	99.9	-7.6	66.7	426,172	17.9	1.8	14.5	5.4	35.3

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2014<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
Lowest Quintile	32,445	20.1	11,625	162	11,463	1.4	2.9	3.6	0.2
Second Quintile	33,595	20.8	27,586	2,363	25,223	8.6	7.0	8.1	2.9
Middle Quintile	32,248	19.9	48,898	7,274	41,623	14.9	12.0	12.9	8.6
Fourth Quintile	30,634	18.9	83,092	15,682	67,410	18.9	19.3	19.8	17.6
Top Quintile	30,589	18.9	254,362	62,991	191,371	24.8	59.1	56.1	70.6
All	161,771	100.0	81,418	16,876	64,542	20.7	100.0	100.0	100.0
<b>Addendum</b>									
80-90	15,343	9.5	126,648	27,959	98,688	22.1	14.8	14.5	15.7
90-95	7,725	4.8	179,728	41,885	137,842	23.3	10.5	10.2	11.9
95-99	6,061	3.8	316,716	78,230	238,486	24.7	14.6	13.8	17.4
Top 1 Percent	1,461	0.9	1,731,056	479,127	1,251,929	27.7	19.2	17.5	25.7
Top 0.1 Percent	146	0.1	7,958,455	2,379,965	5,578,490	29.9	8.8	7.8	12.7

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

Number of AMT Taxpayers (millions). Baseline: 5.7

Proposal: 4.6

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

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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% \$13,694, 40% \$25,631, 60% \$43,537, 80% \$71,347, 90% \$102,829, 95% \$145,557, 99% \$382,124, 99.9% \$1,787,588.

(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.

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**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2014<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	20.7	11.4	1.4	-17.2	-118	-18.5	-0.3	1.3	-1.3	5.8
Second Quintile	20.4	22.7	0.5	-13.0	-93	-4.3	-0.3	4.9	-0.4	9.7
Middle Quintile	32.2	26.5	0.4	-14.4	-117	-2.0	-0.5	12.3	-0.3	16.1
Fourth Quintile	17.9	36.2	0.2	-8.1	-82	-0.7	-0.5	20.9	-0.1	20.8
Top Quintile	10.2	59.1	-1.5	153.4	1,863	4.5	1.6	60.6	1.1	26.6
All	20.9	27.6	-0.5	100.0	166	1.7	0.0	100.0	0.4	21.0
<b>Addendum</b>										
80-90	13.8	47.3	0.1	-1.5	-34	-0.2	-0.3	15.5	0.0	23.5
90-95	7.3	63.0	-0.2	3.2	155	0.5	-0.1	11.0	0.1	24.4
95-99	5.8	79.7	-0.6	15.7	1,023	1.9	0.0	14.2	0.5	24.8
Top 1 Percent	1.8	97.3	-5.4	135.9	44,534	13.0	2.0	20.0	3.8	33.2
Top 0.1 Percent	0.0	99.9	-7.8	81.4	300,169	16.0	1.2	10.0	5.3	38.2

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2014<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
Lowest Quintile	17,338	24.2	8,939	638	8,302	7.1	4.6	5.4	1.6
Second Quintile	16,635	23.2	21,188	2,156	19,032	10.2	10.5	11.9	5.2
Middle Quintile	14,693	20.5	36,403	5,989	30,415	16.5	16.0	16.8	12.7
Fourth Quintile	11,840	16.5	59,738	12,480	47,258	20.9	21.1	21.1	21.4
Top Quintile	9,787	13.6	164,155	41,750	122,405	25.4	48.0	45.1	59.0
All	71,749	100.0	46,638	9,646	36,992	20.7	100.0	100.0	100.0
<b>Addendum</b>									
80-90	5,137	7.2	90,448	21,319	69,129	23.6	13.9	13.4	15.8
90-95	2,463	3.4	128,290	31,141	97,149	24.3	9.4	9.0	11.1
95-99	1,825	2.5	220,487	53,592	166,895	24.3	12.0	11.5	14.1
Top 1 Percent	363	0.5	1,167,870	343,469	824,400	29.4	12.7	11.3	18.0
Top 0.1 Percent	32	0.0	5,717,077	1,880,713	3,836,364	32.9	5.5	4.7	8.8

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

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

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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	43.7	16.0	2.7	-3.2	-415	-200.4	-0.2	-0.1	-2.7	-1.4
Second Quintile	50.4	21.8	1.1	-3.7	-357	-12.5	-0.2	1.2	-1.0	7.1
Middle Quintile	50.5	26.4	0.5	-3.6	-266	-3.2	-0.4	4.9	-0.4	13.0
Fourth Quintile	41.6	37.0	0.3	-4.2	-236	-1.3	-0.9	14.2	-0.2	17.5
Top Quintile	16.6	67.5	-2.3	114.6	5,167	6.9	1.7	79.6	1.7	26.3
All	36.7	39.7	-1.3	100.0	1,384	4.7	0.0	100.0	1.0	22.6
<b>Addendum</b>										
80-90	23.8	54.9	0.2	-1.8	-174	-0.6	-0.8	15.1	-0.1	21.3
90-95	14.1	69.3	-0.1	0.5	93	0.2	-0.6	12.3	0.1	23.0
95-99	7.2	86.0	-1.2	15.4	3,314	3.7	-0.2	19.5	0.9	25.8
Top 1 Percent	1.3	98.0	-6.0	100.6	83,187	16.0	3.2	32.7	4.4	31.6
Top 0.1 Percent	0.1	99.9	-7.6	55.9	455,802	18.3	1.9	16.2	5.4	34.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2014<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
Lowest Quintile	6,636	10.7	15,449	207	15,242	1.3	1.2	1.5	0.1
Second Quintile	8,855	14.3	35,411	2,856	32,555	8.1	3.7	4.3	1.4
Middle Quintile	11,532	18.6	63,113	8,442	54,671	13.4	8.6	9.5	5.3
Fourth Quintile	15,214	24.6	102,030	18,069	83,961	17.7	18.4	19.2	15.1
Top Quintile	19,015	30.7	304,240	74,681	229,558	24.6	68.4	65.8	78.0
All	61,925	100.0	136,599	29,414	107,185	21.5	100.0	100.0	100.0
<b>Addendum</b>									
80-90	9,075	14.7	148,661	31,899	116,762	21.5	16.0	16.0	15.9
90-95	4,934	8.0	206,766	47,507	159,259	23.0	12.1	11.8	12.9
95-99	3,970	6.4	363,199	90,240	272,959	24.9	17.1	16.3	19.7
Top 1 Percent	1,036	1.7	1,904,848	519,102	1,385,746	27.3	23.3	21.6	29.5
Top 0.1 Percent	105	0.2	8,500,613	2,489,680	6,010,932	29.3	10.6	9.5	14.4

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

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

(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% \$13,694, 40% \$25,631, 60% \$43,537, 80% \$71,347, 90% \$102,829, 95% \$145,557, 99% \$382,124, 99.9% \$1,787,588.

(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 T10-0244**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**

**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2014 <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	69.4	3.2	4.5	65.3	-682	74.9	-3.9	-8.5	-4.8	-11.2
Second Quintile	55.7	6.2	1.2	31.3	-349	-16.1	-1.2	9.1	-1.1	5.6
Middle Quintile	55.6	10.5	0.8	21.3	-341	-4.2	0.3	27.4	-0.6	14.7
Fourth Quintile	37.3	24.0	0.5	11.1	-325	-2.0	1.1	30.9	-0.4	19.5
Top Quintile	13.2	48.0	-1.3	-29.1	1,934	4.1	3.7	41.0	1.0	25.3
All	55.6	10.3	0.9	100.0	-335	-5.3	0.0	100.0	-0.8	13.4
<b>Addendum</b>										
80-90	14.5	40.3	0.1	0.6	-65	-0.2	0.8	15.2	-0.1	23.0
90-95	17.2	51.8	0.0	0.1	-20	-0.1	0.3	6.1	0.0	23.6
95-99	5.1	68.7	-0.7	-3.7	1,700	2.4	0.7	8.6	0.6	23.9
Top 1 Percent	0.0	98.3	-5.8	-26.1	63,664	15.0	2.0	11.2	4.2	32.2
Top 0.1 Percent	0.1	99.3	-7.6	-13.8	403,713	17.7	1.0	5.1	5.3	35.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2014 <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	
Lowest Quintile	8,213	32.1	14,265	-911	15,176	-6.4	10.2	12.7	-4.6	
Second Quintile	7,711	30.1	32,535	2,160	30,375	6.6	21.9	23.8	10.3	
Middle Quintile	5,352	20.9	53,424	8,207	45,217	15.4	25.0	24.6	27.1	
Fourth Quintile	2,936	11.5	82,768	16,491	66,277	19.9	21.2	19.8	29.9	
Top Quintile	1,291	5.0	193,413	46,893	146,520	24.3	21.8	19.2	37.3	
All	25,605	100.0	44,717	6,333	38,385	14.2	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	836	3.3	121,470	27,974	93,497	23.0	8.9	8.0	14.4	
90-95	234	0.9	168,242	39,746	128,496	23.6	3.4	3.1	5.7	
95-99	185	0.7	298,680	69,726	228,954	23.3	4.8	4.3	8.0	
Top 1 Percent	35	0.1	1,516,552	423,877	1,092,675	28.0	4.7	3.9	9.2	
Top 0.1 Percent	3	0.0	7,596,169	2,283,498	5,312,671	30.1	2.0	1.6	4.1	

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

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

(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% \$13,694, 40% \$25,631, 60% \$43,537, 80% \$71,347, 90% \$102,829, 95% \$145,557, 99% \$382,124, 99.9% \$1,787,588.

(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 T10-0244**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**

**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2014 <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	78.3	2.1	4.8	-31.0	-819	64.9	-0.7	-2.0	-5.2	-13.3
Second Quintile	70.4	4.7	1.5	-20.1	-523	-21.1	-0.6	1.9	-1.4	5.3
Middle Quintile	64.3	10.8	0.7	-15.7	-411	-4.0	-0.7	9.4	-0.6	14.8
Fourth Quintile	46.9	25.7	0.4	-14.4	-389	-1.8	-0.9	19.5	-0.4	19.1
Top Quintile	22.1	60.8	-2.4	181.2	5,805	6.8	2.8	71.1	1.8	27.6
All	57.6	19.2	-0.7	100.0	544	2.6	0.0	100.0	0.5	21.2
<b>Addendum</b>										
80-90	31.1	46.6	0.3	-6.4	-389	-1.0	-0.6	15.8	-0.2	22.6
90-95	18.8	64.1	0.0	-0.3	-34	-0.1	-0.3	10.8	0.0	24.1
95-99	5.9	87.6	-1.7	32.8	5,547	4.9	0.4	17.6	1.3	27.5
Top 1 Percent	0.9	98.4	-6.9	155.1	109,678	16.9	3.3	27.0	4.9	33.9
Top 0.1 Percent	0.0	100.0	-8.1	79.3	594,754	18.5	1.7	12.7	5.6	35.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2014 <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	
Lowest Quintile	10,239	20.6	15,665	-1,263	16,927	-8.1	3.1	4.3	-1.2	
Second Quintile	10,393	20.9	36,734	2,474	34,260	6.7	7.5	8.8	2.4	
Middle Quintile	10,382	20.9	65,963	10,194	55,769	15.5	13.4	14.3	10.0	
Fourth Quintile	10,009	20.1	110,334	21,430	88,904	19.4	21.6	22.0	20.4	
Top Quintile	8,454	17.0	330,139	85,133	245,006	25.8	54.6	51.1	68.3	
All	49,780	100.0	102,631	21,174	81,457	20.6	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	4,468	9.0	169,045	38,552	130,493	22.8	14.8	14.4	16.3	
90-95	2,003	4.0	241,711	58,220	183,491	24.1	9.5	9.1	11.1	
95-99	1,599	3.2	432,254	113,488	318,767	26.3	13.5	12.6	17.2	
Top 1 Percent	383	0.8	2,245,797	650,973	1,594,824	29.0	16.8	15.1	23.7	
Top 0.1 Percent	36	0.1	10,608,037	3,216,198	7,391,838	30.3	7.5	6.6	11.0	

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

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

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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 T10-0244**  
**Administration's FY2011 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**

**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2014 <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>	5.7	25.1	0.1	-0.2	-14	-5.3	0.0	0.3	-0.1	2.2
<b>Second Quintile</b>	5.7	39.6	0.0	0.2	5	0.6	-0.1	1.7	0.0	3.7
<b>Middle Quintile</b>	8.6	60.9	-0.1	0.8	41	1.7	-0.2	3.4	0.1	5.7
<b>Fourth Quintile</b>	11.9	71.0	-0.1	1.3	76	0.9	-0.7	10.1	0.1	10.9
<b>Top Quintile</b>	4.4	87.8	-2.6	97.9	5,476	8.8	1.0	84.4	2.0	24.5
<b>All</b>	7.1	55.3	-1.5	100.0	996	7.5	0.0	100.0	1.3	17.9
<b>Addendum</b>										
<b>80-90</b>	5.5	82.8	-0.3	2.1	270	1.5	-0.6	9.9	0.2	15.8
<b>90-95</b>	4.6	87.7	-0.4	2.6	586	2.0	-0.5	9.3	0.4	18.4
<b>95-99</b>	3.2	93.9	-1.0	9.8	2,270	3.7	-0.7	19.1	0.8	22.1
<b>Top 1 Percent</b>	1.0	98.0	-5.6	83.4	64,493	14.5	2.8	46.1	4.0	31.7
<b>Top 0.1 Percent</b>	0.0	99.8	-7.5	51.7	369,321	17.2	2.0	24.7	5.2	35.5

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2014 <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>	5,217	16.2	11,689	271	11,418	2.3	2.4	2.8	0.3
<b>Second Quintile</b>	8,927	27.8	23,861	866	22,995	3.6	8.3	9.6	1.8
<b>Middle Quintile</b>	6,483	20.2	42,973	2,389	40,584	5.6	10.9	12.4	3.6
<b>Fourth Quintile</b>	5,566	17.3	75,950	8,232	67,718	10.8	16.5	17.7	10.7
<b>Top Quintile</b>	5,729	17.8	276,230	62,078	214,151	22.5	61.9	57.6	83.4
<b>All</b>	32,167	100.0	79,440	13,258	66,182	16.7	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	2,522	7.8	114,468	17,794	96,674	15.5	11.3	11.5	10.5
<b>90-95</b>	1,413	4.4	163,898	29,530	134,368	18.0	9.1	8.9	9.8
<b>95-99</b>	1,379	4.3	286,923	61,111	225,812	21.3	15.5	14.6	19.8
<b>Top 1 Percent</b>	414	1.3	1,607,917	445,728	1,162,188	27.7	26.1	22.6	43.3
<b>Top 0.1 Percent</b>	45	0.1	7,094,632	2,150,675	4,943,956	30.3	12.5	10.4	22.6

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

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Current policy extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. The proposal would: (a) extend the higher EITC credit value for families with 3 children and higher phase-out thresholds for married couples; (b) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (c) create automatic 401(k)s and IRAs; (d) extend the American Opportunity Tax Credit; (e) extend the \$3,000 child tax credit refundability threshold; (f) raise the child and dependent care tax credit phase-out threshold to \$85,000; (g) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009; (h) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (i) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets; (j) limit value of itemized deductions to 28 percent. Business provisions included were making the research and experimentation tax credit permanent, taxing carried interest as ordinary income, repealing LIFO, international corporate tax reforms, and reforms affecting the tax treatment of financial institutions.

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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.

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