

Table T10-0266
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile, 2011 ¹
Summary Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
Lowest Quintile	69.1	0.0	3.2	8.0	-310	-3.1	1.2
Second Quintile	82.1	0.0	2.3	12.5	-539	-2.1	7.4
Middle Quintile	91.0	0.0	2.0	17.0	-808	-1.7	13.9
Fourth Quintile	94.9	0.0	2.0	23.5	-1,341	-1.6	17.7
Top Quintile	92.2	1.3	1.3	38.7	-2,511	-0.9	23.8
All	84.1	0.2	1.7	100.0	-962	-1.4	19.2
Addendum							
80-90	93.0	0.1	2.0	16.2	-2,087	-1.5	19.9
90-95	93.6	0.3	1.7	9.5	-2,537	-1.3	21.8
95-99	89.8	4.6	1.0	8.2	-2,644	-0.8	23.7
Top 1 Percent	87.4	5.3	0.5	4.8	-6,062	-0.4	28.0
Top 0.1 Percent	87.7	5.0	0.4	1.6	-19,896	-0.3	30.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

Number of AMT Taxpayers (millions). Baseline: 4.6

Proposal: 4.7

(1) Baseline is current policy, which extends the 2001 and 2003 individual income tax cuts, indexes the AMT exemption, tax bracket threshold, and exemption phase-out threshold for inflation, allows personal nonrefundable credits regardless of tentative AMT, and extends 2009 estate tax law (\$3.5 million exemption and 45 percent rate). Proposal reduces the OASDI tax rate on employees to 4.2%; sets the AMT exemption at \$72,450 for joint filers (\$47,450 for others); and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 17878, 40% 34929, 60% 64051, 80% 104588, 90% 168991, 95% 212858, 99% 564605, 99.9% 2378493.

(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 T10-0266
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile, 2011¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	69.1	0.0	3.2	8.0	-310	-72.5	-0.5	0.2	-3.1	1.2
Second Quintile	82.1	0.0	2.3	12.5	-539	-21.9	-0.6	3.1	-2.1	7.4
Middle Quintile	91.0	0.0	2.0	17.0	-808	-10.8	-0.5	9.8	-1.7	13.9
Fourth Quintile	94.9	0.0	2.0	23.5	-1,341	-8.3	-0.4	18.2	-1.6	17.7
Top Quintile	92.2	1.3	1.3	38.7	-2,511	-3.8	2.0	68.5	-0.9	23.8
All	84.1	0.2	1.7	100.0	-962	-6.6	0.0	100.0	-1.4	19.2
Addendum										
80-90	93.0	0.1	2.0	16.2	-2,087	-7.2	-0.1	14.7	-1.5	19.9
90-95	93.6	0.3	1.7	9.5	-2,537	-5.7	0.1	11.0	-1.3	21.8
95-99	89.8	4.6	1.0	8.2	-2,644	-3.2	0.6	17.2	-0.8	23.7
Top 1 Percent	87.4	5.3	0.5	4.8	-6,062	-1.3	1.4	25.5	-0.4	28.0
Top 0.1 Percent	87.7	5.0	0.4	1.6	-19,896	-0.8	0.8	13.1	-0.3	30.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2011¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	38,689	24.9	10,104	427	9,676	4.2	3.5	4.3	0.7
Second Quintile	34,791	22.4	26,055	2,456	23,599	9.4	8.2	9.3	3.8
Fourth Quintile	26,224	16.9	83,492	16,115	67,377	19.3	19.7	20.1	18.5
Top Quintile	23,017	14.8	266,653	65,902	200,750	24.7	55.3	52.4	66.5
All	155,368	100.0	71,397	14,677	56,720	20.6	100.0	100.0	100.0
Addendum									
80-90	11,632	7.5	135,387	29,062	106,325	21.5	14.2	14.0	14.8
90-95	5,600	3.6	191,302	44,318	146,984	23.2	9.7	9.3	10.9
95-99	4,610	3.0	335,472	82,241	253,232	24.5	13.9	13.3	16.6
Top 1 Percent	1,173	0.8	1,657,208	469,948	1,187,260	28.4	17.5	15.8	24.2
Top 0.1 Percent	118	0.1	7,645,482	2,376,435	5,269,048	31.1	8.2	7.1	12.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

Number of AMT Taxpayers (millions). Baseline: 4.6

Proposal: 4.7

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Table T10-0266
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	73.3	0.0	4.5	9.1	-422	-1,404.4	-0.6	-0.6	-4.5	-4.2
Second Quintile	76.6	0.0	2.2	10.6	-489	-27.3	-0.6	2.0	-2.1	5.5
Middle Quintile	87.7	0.0	1.9	14.7	-706	-11.3	-0.4	8.1	-1.7	13.0
Fourth Quintile	94.4	0.0	2.0	23.4	-1,179	-8.8	-0.4	17.1	-1.6	16.9
Top Quintile	91.5	1.0	1.3	42.1	-2,163	-3.9	2.1	73.4	-1.0	23.7
All	84.1	0.2	1.7	100.0	-962	-6.6	0.0	100.0	-1.4	19.2
Addendum										
80-90	93.9	0.0	2.0	17.6	-1,798	-7.2	-0.1	16.0	-1.6	20.4
90-95	91.5	0.0	1.7	10.4	-2,146	-5.7	0.1	12.2	-1.3	21.5
95-99	87.6	3.2	1.0	8.5	-2,190	-3.1	0.7	18.6	-0.8	23.6
Top 1 Percent	83.1	7.8	0.6	5.6	-5,882	-1.5	1.4	26.7	-0.4	27.8
Top 0.1 Percent	83.8	6.3	0.4	1.9	-20,071	-1.0	0.8	13.6	-0.3	30.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	32,088	20.7	9,444	30	9,414	0.3	2.7	3.4	0.0
Second Quintile	32,356	20.8	23,627	1,791	21,836	7.6	6.9	8.0	2.5
Fourth Quintile	29,612	19.1	72,730	13,453	59,277	18.5	19.4	19.9	17.5
Top Quintile	29,097	18.7	226,371	55,877	170,494	24.7	59.4	56.3	71.3
All	155,368	100.0	71,397	14,677	56,720	20.6	100.0	100.0	100.0
Addendum									
80-90	14,625	9.4	113,950	25,058	88,892	22.0	15.0	14.8	16.1
90-95	7,225	4.7	166,290	37,973	128,318	22.8	10.8	10.5	12.0
95-99	5,819	3.8	287,908	70,115	217,793	24.4	15.1	14.4	17.9
Top 1 Percent	1,427	0.9	1,431,713	404,308	1,027,405	28.2	18.4	16.6	25.3
Top 0.1 Percent	142	0.1	6,661,061	2,063,959	4,597,103	31.0	8.5	7.4	12.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

Number of AMT Taxpayers (millions). Baseline: 4.6

Proposal: 4.7

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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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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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Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
Detail Table - Single Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	68.0	0.0	2.8	8.1	-188	-37.7	-0.5	1.0	-2.6	4.3
Second Quintile	65.7	0.0	1.6	9.9	-253	-13.7	-0.4	4.8	-1.4	8.8
Middle Quintile	85.8	0.0	1.9	17.1	-493	-9.5	-0.3	12.6	-1.6	14.9
Fourth Quintile	92.2	0.0	2.0	21.8	-803	-7.7	-0.1	20.2	-1.6	18.7
Top Quintile	86.8	1.3	1.8	42.9	-1,883	-5.1	1.3	61.2	-1.3	24.2
All	77.3	0.2	1.9	100.0	-594	-7.2	0.0	100.0	-1.5	19.2
Addendum										
80-90	91.4	0.0	2.0	16.5	-1,246	-6.5	0.1	18.1	-1.5	22.0
90-95	85.7	0.0	1.7	6.2	-1,465	-5.5	0.2	8.2	-1.3	22.2
95-99	77.7	3.6	1.2	7.9	-1,804	-3.9	0.5	15.1	-0.9	23.0
Top 1 Percent	69.0	13.3	2.0	12.3	-13,004	-4.6	0.5	19.7	-1.4	29.2
Top 0.1 Percent	68.1	10.0	2.0	4.9	-59,206	-3.8	0.3	9.5	-1.3	33.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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		
Lowest Quintile	17,342	25.6	7,211	500	6,711	6.9	4.6	5.4	1.5	
Second Quintile	15,774	23.2	18,097	1,845	16,253	10.2	10.5	11.8	5.2	
Fourth Quintile	10,941	16.1	51,701	10,486	41,214	20.3	20.7	20.8	20.3	
Top Quintile	9,181	13.5	144,174	36,790	107,384	25.5	48.5	45.5	59.9	
All	67,885	100.0	40,235	8,313	31,922	20.7	100.0	100.0	100.0	
Addendum										
80-90	5,333	7.9	80,855	19,045	61,810	23.6	15.8	15.2	18.0	
90-95	1,706	2.5	114,052	26,732	87,320	23.4	7.1	6.9	8.1	
95-99	1,760	2.6	195,574	46,788	148,786	23.9	12.6	12.1	14.6	
Top 1 Percent	382	0.6	925,225	283,177	642,048	30.6	13.0	11.3	19.2	
Top 0.1 Percent	33	0.1	4,471,123	1,544,899	2,926,224	34.6	5.5	4.5	9.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	67.5	0.0	4.3	4.1	-527	-4,460.6	-0.2	-0.2	-4.3	-4.2
Second Quintile	78.8	0.0	2.5	7.1	-690	-32.6	-0.3	0.9	-2.3	4.7
Middle Quintile	85.5	0.0	1.9	12.0	-891	-12.3	-0.4	4.9	-1.6	11.5
Fourth Quintile	95.3	0.0	1.9	25.6	-1,416	-9.1	-0.6	14.7	-1.6	15.9
Top Quintile	93.6	0.9	1.2	50.9	-2,350	-3.6	1.6	79.6	-0.9	23.6
All	87.3	0.3	1.5	100.0	-1,392	-5.5	0.0	100.0	-1.2	20.2
Addendum										
80-90	95.1	0.0	2.0	21.5	-2,192	-7.5	-0.3	15.3	-1.6	19.8
90-95	93.2	0.0	1.7	14.8	-2,397	-5.7	0.0	14.0	-1.3	21.4
95-99	92.2	2.8	1.0	10.8	-2,393	-2.9	0.5	20.6	-0.7	23.8
Top 1 Percent	88.5	5.5	0.3	3.8	-3,269	-0.7	1.4	29.6	-0.2	27.4
Top 0.1 Percent	89.6	4.5	0.2	0.9	-7,805	-0.4	0.8	14.9	-0.1	30.2

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	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total	
Lowest Quintile	6,595	10.9	12,228	12	12,216	0.1	1.1	1.4	0.0	
Second Quintile	8,716	14.3	30,188	2,114	28,074	7.0	3.6	4.3	1.2	
Fourth Quintile	15,305	25.2	88,301	15,489	72,812	17.5	18.6	19.6	15.3	
Top Quintile	18,319	30.1	270,257	66,048	204,208	24.4	68.3	65.6	78.0	
All	60,792	100.0	119,298	25,510	93,788	21.4	100.0	100.0	100.0	
Addendum										
80-90	8,305	13.7	137,135	29,279	107,856	21.4	15.7	15.7	15.7	
90-95	5,212	8.6	184,390	41,884	142,506	22.7	13.3	13.0	14.1	
95-99	3,817	6.3	332,882	81,628	251,254	24.5	17.5	16.8	20.1	
Top 1 Percent	985	1.6	1,604,062	443,476	1,160,586	27.7	21.8	20.1	28.2	
Top 0.1 Percent	100	0.2	7,259,778	2,197,405	5,062,372	30.3	10.0	8.9	14.1	

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Table T10-0266
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Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
Detail Table - Head of Household Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	89.5	0.0	6.5	29.8	-856	84.2	-8.5	-15.2	-7.1	-15.5
Second Quintile	95.7	0.0	2.9	24.9	-759	-62.5	-4.1	3.5	-2.7	1.6
Middle Quintile	97.0	0.0	2.3	19.5	-895	-13.3	1.9	29.7	-2.0	12.7
Fourth Quintile	97.3	0.0	2.4	17.0	-1,412	-9.9	3.6	36.0	-1.9	17.5
Top Quintile	95.6	0.6	1.3	8.7	-1,760	-4.2	7.1	46.0	-1.0	23.0
All	94.0	0.0	2.8	100.0	-937	-18.9	0.0	100.0	-2.5	10.6
Addendum										
80-90	96.6	0.2	2.0	4.9	-1,614	-6.9	2.0	15.5	-1.6	21.0
90-95	96.4	0.3	1.5	1.9	-1,773	-5.0	1.2	8.4	-1.1	21.7
95-99	91.4	2.1	0.9	1.4	-1,954	-3.2	1.6	9.7	-0.7	22.1
Top 1 Percent	88.2	5.1	0.4	0.6	-3,835	-1.0	2.2	12.4	-0.3	28.2
Top 0.1 Percent	82.1	5.0	0.4	0.2	-15,373	-0.8	1.1	6.2	-0.3	30.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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		
Lowest Quintile	7,887	32.6	12,078	-1,016	13,094	-8.4	10.3	12.9	-6.7	
Second Quintile	7,431	30.7	27,805	1,215	26,590	4.4	22.4	24.7	7.5	
Fourth Quintile	2,725	11.3	73,336	14,254	59,082	19.4	21.7	20.1	32.4	
Top Quintile	1,120	4.6	173,732	41,644	132,088	24.0	21.1	18.5	38.9	
All	24,178	100.0	38,105	4,956	33,149	13.0	100.0	100.0	100.0	
Addendum										
80-90	690	2.9	104,431	23,508	80,924	22.5	7.8	7.0	13.5	
90-95	240	1.0	155,901	35,648	120,254	22.9	4.1	3.6	7.2	
95-99	158	0.7	269,398	61,608	207,790	22.9	4.6	4.1	8.1	
Top 1 Percent	33	0.1	1,312,435	374,051	938,384	28.5	4.6	3.8	10.2	
Top 0.1 Percent	3	0.0	6,172,273	1,912,758	4,259,514	31.0	2.1	1.7	5.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

(1) Baseline is current policy, which extends the 2001 and 2003 individual income tax cuts, indexes the AMT exemption, tax bracket threshold, and exemption phase-out threshold for inflation, allows personal nonrefundable credits regardless of tentative AMT, and extends 2009 estate tax law (\$3.5 million exemption and 45 percent rate). Proposal reduces the OASDI tax rate on employees to 4.2%; sets the AMT exemption at \$72,450 for joint filers (\$47,450 for others); and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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 T10-0266
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
Detail Table - Tax Units with Children

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	93.3	0.0	6.8	13.5	-975	73.2	-1.4	-2.9	-7.5	-17.9
Second Quintile	99.0	0.0	3.3	13.6	-988	-73.7	-1.1	0.4	-3.1	1.1
Middle Quintile	99.3	0.0	2.4	15.7	-1,168	-13.5	-0.6	9.2	-2.0	13.0
Fourth Quintile	99.5	0.0	2.4	24.3	-1,854	-10.2	-0.4	19.4	-2.0	17.2
Top Quintile	99.2	0.3	1.3	32.6	-2,898	-3.9	3.4	73.8	-1.0	24.6
All	97.8	0.0	2.1	100.0	-1,521	-8.3	0.0	100.0	-1.7	18.6
Addendum										
80-90	99.5	0.0	2.4	17.1	-2,895	-7.9	0.1	18.0	-1.8	21.0
90-95	99.5	0.1	1.8	8.2	-2,941	-6.0	0.3	11.6	-1.4	22.0
95-99	98.5	0.8	0.9	5.7	-2,750	-2.7	1.1	19.0	-0.7	25.2
Top 1 Percent	96.8	1.4	0.3	1.7	-3,317	-0.6	2.0	25.2	-0.2	29.1
Top 0.1 Percent	93.5	2.6	0.1	0.3	-5,384	-0.2	1.0	12.4	-0.1	31.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	10,310	21.1	12,926	-1,333	14,259	-10.3	3.0	4.2	-1.5	
Second Quintile	10,241	20.9	31,439	1,340	30,099	4.3	7.3	8.8	1.5	
Fourth Quintile	9,734	19.9	95,141	18,170	76,972	19.1	21.0	21.4	19.8	
Top Quintile	8,370	17.1	293,509	75,102	218,407	25.6	55.8	52.1	70.4	
All	48,902	100.0	90,027	18,271	71,756	20.3	100.0	100.0	100.0	
Addendum										
80-90	4,384	9.0	159,819	36,527	123,292	22.9	15.9	15.4	17.9	
90-95	2,061	4.2	208,624	48,905	159,719	23.4	9.8	9.4	11.3	
95-99	1,548	3.2	398,512	103,252	295,260	25.9	14.0	13.0	17.9	
Top 1 Percent	377	0.8	1,883,158	551,946	1,331,212	29.3	16.1	14.3	23.3	
Top 0.1 Percent	36	0.1	8,972,972	2,811,876	6,161,095	31.3	7.4	6.4	11.4	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

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

(1) Baseline is current policy, which extends the 2001 and 2003 individual income tax cuts, indexes the AMT exemption, tax bracket threshold, and exemption phase-out threshold for inflation, allows personal nonrefundable credits regardless of tentative AMT, and extends 2009 estate tax law (\$3.5 million exemption and 45 percent rate). Proposal reduces the OASDI tax rate on employees to 4.2%; sets the AMT exemption at \$72,450 for joint filer (\$47,450 for others); and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 4 percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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 T10-0266
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
Detail Table - Elderly Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	17.1	0.0	0.5	1.6	-42	-20.8	-0.1	0.2	-0.4	1.7
Second Quintile	28.5	0.0	0.3	3.7	-55	-8.4	-0.1	1.4	-0.3	3.0
Middle Quintile	51.4	0.0	0.3	5.9	-115	-6.0	-0.1	3.2	-0.3	4.8
Fourth Quintile	75.5	0.0	0.5	13.8	-298	-4.4	-0.1	10.3	-0.5	9.7
Top Quintile	63.8	4.0	0.9	75.0	-1,583	-3.0	0.3	84.9	-0.7	21.8
All	46.9	0.8	0.7	100.0	-401	-3.3	0.0	100.0	-0.6	16.2
Addendum										
80-90	69.7	0.0	0.6	10.2	-516	-3.4	0.0	10.1	-0.5	14.6
90-95	62.5	0.1	0.6	9.9	-809	-2.9	0.1	11.6	-0.5	17.7
95-99	57.5	9.9	0.6	13.8	-1,178	-2.1	0.3	22.0	-0.5	21.0
Top 1 Percent	56.2	20.9	1.3	40.9	-11,784	-3.3	0.0	41.2	-0.9	27.5
Top 0.1 Percent	65.0	14.0	1.3	17.3	-50,267	-2.7	0.1	21.2	-0.9	30.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	4,506	15.2	9,360	200	9,160	2.1	2.0	2.3	0.3	
Second Quintile	7,883	26.6	20,279	659	19,620	3.3	7.5	8.7	1.5	
Fourth Quintile	5,492	18.5	66,892	6,782	60,110	10.1	17.1	18.5	10.4	
Top Quintile	5,641	19.0	238,549	53,660	184,889	22.5	62.8	58.4	84.5	
All	29,671	100.0	72,226	12,068	60,157	16.7	100.0	100.0	100.0	
Addendum										
80-90	2,365	8.0	101,108	15,309	85,799	15.1	11.2	11.4	10.1	
90-95	1,463	4.9	154,859	28,188	126,671	18.2	10.6	10.4	11.5	
95-99	1,400	4.7	258,158	55,470	202,688	21.5	16.9	15.9	21.7	
Top 1 Percent	414	1.4	1,253,756	356,818	896,938	28.5	24.2	20.8	41.2	
Top 0.1 Percent	41	0.1	5,790,192	1,841,594	3,948,598	31.8	11.1	9.1	21.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

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

(1) Baseline is current policy, which extends the 2001 and 2003 individual income tax cuts, indexes the AMT exemption, tax bracket threshold, and exemption phase-out threshold for inflation, allows personal nonrefundable credits regardless of tentative AMT, and extends 2009 estate tax law (\$3.5 million exemption and 45 percent rate). Proposal reduces the OASDI tax rate on employees to 4.2%; sets the AMT exemption at \$72,450 for joint filer (\$47,450 for others); and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 4 percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

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