

Table T10-0277

**Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 as Considered by the Senate****Baseline: 2010 Law Under the Act, Evaluated at 2011 Income Levels****Distribution of Federal Tax Change by Cash Income Percentile, 2011 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>3</sup> (thousands)	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Average Federal Tax Change (Dollars)
		With Tax Cut	With Tax Increase		
<b>Lowest Quintile</b>	38,677	0.4	67.2	-1.3	134
<b>Second Quintile</b>	34,811	36.5	40.0	-0.1	29
<b>Middle Quintile</b>	31,429	64.7	20.1	0.5	-205
<b>Fourth Quintile</b>	26,265	76.9	12.5	0.9	-613
<b>Top Quintile</b>	23,007	84.3	5.1	0.6	-1,110
<b>All</b>	155,368	46.9	32.9	0.5	-269
<b>Addendum</b>					
<b>80-90</b>	11,618	82.0	7.2	1.1	-1,164
<b>90-95</b>	5,605	87.2	4.0	1.3	-1,866
<b>95-99</b>	4,610	86.6	2.1	0.7	-1,815
<b>Top 1 Percent</b>	1,173	85.0	1.8	-0.5	5,808
<b>Top 0.1 Percent</b>	118	86.5	1.3	-0.8	45,015

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Number of AMT Taxpayers (millions). Baseline: 4.3

Proposal: 4.3

(1) Baseline is 2010 law as it would be under the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, at 2011 income levels.

Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$74,450 for joint filers (\$48,450 for others) and allows personal non-refundable credits regardless of tentative AMT; 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; 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

(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

(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