

Table T11-0022
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2013 ¹
Summary Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Less than 10	23.2	9.6	2.5	0.8	-134	-2.4	3.2
10-20	54.1	9.0	2.5	3.5	-372	-2.4	2.8
20-30	76.0	8.8	3.1	5.9	-732	-2.8	7.9
30-40	87.2	6.1	3.1	5.9	-958	-2.6	12.2
40-50	91.5	4.8	3.0	5.6	-1,146	-2.4	15.3
50-75	95.9	2.8	2.7	12.2	-1,423	-2.2	17.6
75-100	97.8	1.8	3.4	13.0	-2,395	-2.6	19.3
100-200	98.4	1.4	4.0	34.3	-4,291	-3.0	22.1
200-500	97.4	2.6	3.5	18.1	-7,642	-2.6	25.4
500-1,000	65.0	34.9	1.0	2.1	-4,813	-0.7	29.3
More than 1,000	39.8	60.2	-0.3	-1.4	6,449	0.2	36.2
All	77.8	6.0	2.8	100.0	-1,672	-2.1	22.3

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

Number of AMT Taxpayers (millions). Baseline: 21.2

Proposal: 3.7

(1) Calendar year. Baseline is current law. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

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

(4) 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.

(5) 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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Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2013 ¹
Detail Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	23.2	9.6	2.5	0.8	-134	-42.4	-0.1	0.1	-2.4	3.2
10-20	54.1	9.0	2.5	3.5	-372	-45.8	-0.3	0.4	-2.4	2.8
20-30	76.0	8.8	3.1	5.9	-732	-26.3	-0.4	1.6	-2.8	7.9
30-40	87.2	6.1	3.1	5.9	-958	-17.6	-0.3	2.6	-2.6	12.2
40-50	91.5	4.8	3.0	5.6	-1,146	-13.8	-0.2	3.3	-2.4	15.3
50-75	95.9	2.8	2.7	12.2	-1,423	-11.1	-0.3	9.2	-2.2	17.6
75-100	97.8	1.8	3.4	13.0	-2,395	-12.0	-0.3	9.1	-2.6	19.3
100-200	98.4	1.4	4.0	34.3	-4,291	-12.0	-0.9	23.9	-3.0	22.1
200-500	97.4	2.6	3.5	18.1	-7,642	-9.1	-0.1	17.1	-2.6	25.4
500-1,000	65.0	34.9	1.0	2.1	-4,813	-2.3	0.6	8.5	-0.7	29.3
More than 1,000	39.8	60.2	-0.3	-1.4	6,449	0.6	2.2	24.1	0.2	36.2
All	77.8	6.0	2.8	100.0	-1,672	-8.6	0.0	100.0	-2.1	22.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013 ¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of Federal
	Number (thousands)	Percent of Total					Tax Income	Tax Income	Taxes
							Percent of Total	Percent of Total	Percent of Total
Less than 10	16,372	10.3	5,709	317	5,392	5.6	0.7	0.9	0.2
10-20	24,763	15.5	15,706	812	14,894	5.2	3.1	3.9	0.7
20-30	21,537	13.5	26,118	2,784	23,334	10.7	4.4	5.2	1.9
30-40	16,514	10.3	36,581	5,432	31,150	14.9	4.8	5.4	2.9
40-50	13,080	8.2	47,115	8,330	38,785	17.7	4.9	5.3	3.5
50-75	22,835	14.3	64,797	12,832	51,965	19.8	11.7	12.4	9.5
75-100	14,507	9.1	91,187	20,027	71,160	22.0	10.4	10.8	9.4
100-200	21,341	13.4	142,857	35,909	106,948	25.1	24.1	23.8	24.8
200-500	6,329	4.0	299,437	83,727	215,710	28.0	15.0	14.2	17.2
500-1,000	1,147	0.7	714,015	214,206	499,809	30.0	6.5	6.0	8.0
More than 1,000	598	0.4	3,141,857	1,131,324	2,010,533	36.0	14.8	12.5	21.9
All	159,683	100.0	79,379	19,349	60,030	24.4	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 21.2

Proposal: 3.7

(1) Calendar year. Baseline is current law. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

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

(4) 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.

(5) 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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Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2013 ¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	16.7	9.4	1.6	1.6	-84	-17.3	-0.1	0.7	-1.5	7.1
10-20	52.5	9.6	1.6	5.3	-219	-16.0	-0.2	2.6	-1.4	7.4
20-30	73.6	10.9	1.9	8.0	-432	-11.6	-0.2	5.5	-1.7	12.6
30-40	89.8	5.3	1.8	6.8	-549	-8.2	0.0	6.9	-1.5	16.8
40-50	96.3	2.8	2.0	7.2	-758	-7.7	0.1	7.9	-1.6	19.3
50-75	97.2	2.2	2.2	15.1	-1,051	-7.1	0.2	18.1	-1.7	21.7
75-100	96.9	2.6	3.4	12.9	-2,212	-9.2	-0.1	11.6	-2.5	24.2
100-200	96.7	2.6	3.8	22.1	-3,870	-10.0	-0.3	18.0	-2.8	24.8
200-500	92.8	7.1	4.9	13.7	-10,331	-11.2	-0.3	9.9	-3.4	27.0
500-1,000	59.3	40.6	4.0	4.4	-18,325	-7.6	0.0	4.8	-2.6	31.7
More than 1,000	38.6	61.4	1.2	2.8	-21,319	-1.8	0.9	14.1	-0.7	39.0
All	68.6	7.2	2.6	100.0	-898	-8.3	0.0	100.0	-2.0	21.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013 ¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of Federal
	Number (thousands)	Percent of Total					Tax Income	Tax Income	Taxes
							Percent of Total	Percent of Total	Percent of Total
Less than 10	11,717	16.6	5,695	486	5,209	8.5	2.1	2.5	0.8
10-20	15,430	21.9	15,557	1,372	14,185	8.8	7.5	9.0	2.8
20-30	11,682	16.6	26,016	3,714	22,302	14.3	9.5	10.7	5.7
30-40	7,821	11.1	36,553	6,673	29,880	18.3	8.9	9.6	6.9
40-50	6,046	8.6	47,054	9,822	37,232	20.9	8.9	9.2	7.8
50-75	9,109	12.9	63,845	14,884	48,961	23.3	18.2	18.3	17.8
75-100	3,700	5.3	90,036	24,001	66,035	26.7	10.4	10.0	11.7
100-200	3,613	5.1	139,747	38,587	101,159	27.6	15.8	15.0	18.3
200-500	837	1.2	304,381	92,411	211,970	30.4	8.0	7.3	10.2
500-1,000	151	0.2	705,144	241,693	463,451	34.3	3.3	2.9	4.8
More than 1,000	84	0.1	2,997,275	1,191,549	1,805,727	39.8	7.9	6.2	13.2
All	70,516	100.0	45,439	10,784	34,655	23.7	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current law. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

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

(4) 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.

(5) 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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Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2013 ¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	17.2	17.6	2.6	0.2	-115	-38.7	0.0	0.0	-2.4	3.8
10-20	37.3	15.4	2.5	0.9	-395	-72.8	-0.1	0.0	-2.4	0.9
20-30	64.2	11.5	3.8	2.7	-916	-48.5	-0.2	0.3	-3.5	3.7
30-40	73.5	12.1	3.9	3.5	-1,291	-34.0	-0.2	0.6	-3.5	6.8
40-50	80.2	10.6	3.5	3.5	-1,426	-23.1	-0.2	1.0	-3.0	10.1
50-75	93.6	4.1	2.8	8.9	-1,533	-14.3	-0.3	4.6	-2.3	14.0
75-100	97.9	1.7	3.3	13.3	-2,420	-13.3	-0.5	7.4	-2.6	17.2
100-200	98.7	1.2	4.1	44.9	-4,454	-12.6	-1.4	26.8	-3.1	21.5
200-500	98.3	1.7	3.4	23.5	-7,343	-8.9	-0.2	20.6	-2.5	25.1
500-1,000	66.3	33.6	0.6	1.7	-2,850	-1.4	0.7	10.3	-0.4	29.0
More than 1,000	40.3	59.7	-0.5	-3.0	10,057	0.9	2.5	28.3	0.3	35.7
All	84.1	6.6	2.7	100.0	-2,679	-7.9	0.0	100.0	-2.0	23.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013 ¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of Federal
	Number (thousands)	Percent of Total					Tax Income	Tax Income	Taxes
							Percent of Total	Percent of Total	Percent of Total
Less than 10	2,132	3.5	4,815	298	4,517	6.2	0.1	0.2	0.0
10-20	3,870	6.3	16,251	543	15,709	3.3	0.8	1.0	0.1
20-30	4,833	7.9	26,206	1,890	24,316	7.2	1.6	1.9	0.4
30-40	4,426	7.2	36,703	3,798	32,905	10.4	2.0	2.4	0.8
40-50	4,060	6.6	47,252	6,174	41,078	13.1	2.4	2.7	1.2
50-75	9,605	15.6	65,977	10,741	55,236	16.3	7.8	8.7	5.0
75-100	9,045	14.7	91,845	18,189	73,656	19.8	10.2	10.9	7.9
100-200	16,613	27.0	144,066	35,379	108,687	24.6	29.3	29.7	28.2
200-500	5,275	8.6	298,718	82,406	216,312	27.6	19.3	18.7	20.8
500-1,000	957	1.6	716,145	210,352	505,793	29.4	8.4	8.0	9.7
More than 1,000	490	0.8	3,102,780	1,096,488	2,006,292	35.3	18.6	16.2	25.8
All	61,567	100.0	132,758	33,874	98,884	25.5	100.0	100.0	100.0

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

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(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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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Major Individual Income and Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2013 ¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	60.7	4.1	5.7	2.7	-402	77.7	-0.8	-1.5	-6.1	-14.0
10-20	69.5	2.4	4.9	11.8	-810	108.0	-3.4	-5.6	-5.2	-9.9
20-30	92.6	1.5	5.2	17.0	-1,292	-103.3	-3.4	-0.1	-4.9	-0.2
30-40	96.6	1.3	4.4	15.5	-1,416	-30.8	-1.4	8.6	-3.9	8.7
40-50	97.4	1.1	4.1	11.6	-1,587	-20.1	0.0	11.4	-3.4	13.4
50-75	98.7	0.8	3.9	20.1	-1,974	-15.4	1.4	27.2	-3.1	16.9
75-100	98.9	0.5	3.9	11.0	-2,681	-13.0	1.4	18.2	-3.0	20.0
100-200	99.0	0.8	3.1	8.4	-3,138	-9.1	2.4	20.5	-2.3	23.3
200-500	95.2	4.8	2.2	2.2	-4,776	-6.1	1.2	8.4	-1.6	25.0
500-1,000	60.7	39.3	0.4	0.2	-1,986	-1.0	0.7	3.6	-0.3	27.5
More than 1,000	32.6	67.4	-0.6	-0.4	11,209	1.0	1.9	9.3	0.4	36.7
All	87.3	1.8	4.0	100.0	-1,423	-19.8	0.0	100.0	-3.3	13.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013 ¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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
Less than 10	2,386	9.5	6,591	-518	7,109	-7.9	1.5	1.9	-0.7
10-20	5,181	20.6	15,741	-750	16,492	-4.8	7.5	9.5	-2.2
20-30	4,712	18.8	26,276	1,250	25,025	4.8	11.4	13.1	3.3
30-40	3,910	15.6	36,461	4,598	31,863	12.6	13.2	13.8	10.0
40-50	2,610	10.4	47,096	7,913	39,184	16.8	11.4	11.4	11.4
50-75	3,632	14.5	64,017	12,815	51,202	20.0	21.5	20.6	25.8
75-100	1,462	5.8	90,229	20,684	69,544	22.9	12.2	11.3	16.7
100-200	952	3.8	134,253	34,397	99,856	25.6	11.8	10.6	18.1
200-500	165	0.7	294,759	78,581	216,178	26.7	4.5	4.0	7.2
500-1,000	28	0.1	688,030	191,144	496,886	27.8	1.8	1.5	2.9
More than 1,000	12	0.1	2,955,354	1,074,619	1,880,735	36.4	3.4	2.6	7.4
All	25,098	100.0	43,104	7,200	35,904	16.7	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current law. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

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

(4) 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.

(5) 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 T11-0022
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2013 ¹
Detail Table - Tax Units with Children

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	62.4	2.4	6.1	0.9	-429	59.8	-0.1	-0.3	-6.9	-18.3
10-20	78.0	2.1	5.8	4.1	-1,004	75.8	-0.6	-1.2	-6.3	-14.6
20-30	93.2	1.5	6.6	6.9	-1,673	-201.1	-0.8	-0.4	-6.4	-3.2
30-40	98.2	0.8	5.9	7.1	-1,906	-44.6	-0.7	1.1	-5.2	6.5
40-50	98.2	0.7	5.2	6.0	-2,078	-27.4	-0.5	2.0	-4.4	11.7
50-75	99.4	0.4	4.3	12.2	-2,257	-18.4	-0.6	6.9	-3.5	15.4
75-100	99.5	0.4	4.5	13.6	-3,226	-16.4	-0.5	8.8	-3.5	18.0
100-200	99.5	0.4	4.8	35.4	-5,128	-14.2	-0.9	27.1	-3.6	21.6
200-500	98.5	1.5	3.5	15.9	-7,385	-8.8	0.6	20.9	-2.5	25.6
500-1,000	62.2	37.8	0.3	0.6	-1,557	-0.7	1.1	10.1	-0.2	30.6
More than 1,000	32.6	67.4	-0.8	-2.7	15,796	1.4	3.1	25.0	0.5	37.1
All	93.1	1.7	3.7	100.0	-2,762	-11.3	0.0	100.0	-2.8	21.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013 ¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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
Less than 10	2,836	5.8	6,263	-717	6,979	-11.4	0.4	0.5	-0.2
10-20	5,625	11.4	15,969	-1,324	17,293	-8.3	1.8	2.6	-0.6
20-30	5,645	11.4	26,204	832	25,372	3.2	3.0	3.9	0.4
30-40	5,039	10.2	36,562	4,270	32,293	11.7	3.8	4.4	1.8
40-50	3,930	8.0	47,287	7,596	39,691	16.1	3.8	4.2	2.5
50-75	7,341	14.9	65,172	12,284	52,888	18.9	9.7	10.5	7.5
75-100	5,725	11.6	91,743	19,708	72,035	21.5	10.7	11.1	9.3
100-200	9,407	19.1	143,468	36,063	107,405	25.1	27.5	27.3	28.1
200-500	2,939	6.0	297,723	83,554	214,169	28.1	17.8	17.0	20.3
500-1,000	495	1.0	713,890	219,964	493,926	30.8	7.2	6.6	9.0
More than 1,000	231	0.5	3,118,562	1,141,611	1,976,951	36.6	14.7	12.3	21.9
All	49,348	100.0	99,630	24,497	75,133	24.6	100.0	100.0	100.0

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

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

(1) Calendar year. Baseline is current law. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

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

(4) 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.

(5) 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 T11-0022
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2013 ¹
Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	2.3	25.9	0.2	0.0	-10	-4.3	0.0	0.1	-0.2	3.5
10-20	14.1	17.6	0.3	0.7	-50	-11.6	0.0	0.5	-0.3	2.4
20-30	36.7	25.8	0.7	2.0	-173	-12.9	-0.1	1.3	-0.7	4.5
30-40	54.0	23.4	1.0	2.3	-332	-12.8	-0.1	1.5	-0.9	6.2
40-50	65.3	21.6	2.1	4.1	-879	-20.4	-0.2	1.6	-1.9	7.3
50-75	85.5	10.2	1.8	9.6	-1,050	-13.6	-0.3	6.1	-1.6	10.2
75-100	93.9	5.1	3.0	12.7	-2,277	-15.7	-0.5	6.8	-2.5	13.6
100-200	94.9	4.7	4.0	30.3	-4,490	-14.6	-1.2	17.6	-3.1	18.2
200-500	96.8	3.2	5.1	26.6	-11,232	-13.4	-0.9	17.2	-3.7	23.8
500-1,000	70.1	29.9	2.9	7.5	-14,323	-6.5	0.3	10.7	-2.0	28.8
More than 1,000	44.2	55.8	0.7	4.2	-13,554	-1.1	2.9	36.5	-0.4	36.9
All	53.2	16.9	2.5	100.0	-1,511	-9.1	0.0	100.0	-1.9	19.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013 ¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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
Less than 10	2,157	6.9	6,180	223	5,956	3.6	0.5	0.7	0.1
10-20	6,690	21.4	15,817	428	15,390	2.7	4.3	5.4	0.6
20-30	5,381	17.2	25,874	1,340	24,534	5.2	5.7	6.9	1.4
30-40	3,213	10.3	36,522	2,588	33,934	7.1	4.8	5.7	1.6
40-50	2,197	7.0	47,041	4,304	42,737	9.2	4.2	4.9	1.8
50-75	4,326	13.8	65,389	7,711	57,678	11.8	11.6	13.0	6.4
75-100	2,635	8.4	90,496	14,537	75,960	16.1	9.7	10.4	7.3
100-200	3,191	10.2	143,867	30,702	113,166	21.3	18.8	18.8	18.8
200-500	1,123	3.6	305,622	83,898	221,724	27.5	14.0	12.9	18.0
500-1,000	246	0.8	717,204	220,981	496,222	30.8	7.2	6.4	10.4
More than 1,000	148	0.5	3,185,815	1,189,568	1,996,248	37.3	19.2	15.3	33.6
All	31,333	100.0	78,111	16,681	61,431	21.4	100.0	100.0	100.0

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

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

(1) Calendar year. Baseline is current law. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

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