

Table T11-0024
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
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	5.1	11.4	0.0	0.0	1	0.0	3.2
10-20	11.6	14.5	0.1	-0.3	-17	-0.1	2.8
20-30	18.9	21.7	0.2	-0.7	-41	-0.2	7.9
30-40	22.5	25.6	0.2	-0.7	-51	-0.1	12.2
40-50	24.7	28.8	0.1	-0.6	-54	-0.1	15.3
50-75	23.0	38.7	0.0	-0.3	-18	0.0	17.6
75-100	23.2	47.1	-0.1	0.9	74	0.1	19.3
100-200	19.6	58.4	-0.2	3.7	217	0.2	22.1
200-500	28.8	66.7	-0.8	8.9	1,747	0.6	25.4
500-1,000	3.4	96.2	-3.7	17.6	19,190	2.7	29.3
More than 1,000	1.7	98.1	-6.9	71.4	149,120	4.8	36.2
All	18.4	32.8	-1.3	100.0	782	1.0	22.3

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

Number of AMT Taxpayers (millions). Baseline: 5.2

Proposal: 3.7

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. 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 Policy
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	5.1	11.4	0.0	0.0	1	0.6	0.0	0.1	0.0	3.2
10-20	11.6	14.5	0.1	-0.3	-17	-3.8	0.0	0.4	-0.1	2.8
20-30	18.9	21.7	0.2	-0.7	-41	-2.0	-0.1	1.6	-0.2	7.9
30-40	22.5	25.6	0.2	-0.7	-51	-1.1	-0.2	2.6	-0.1	12.2
40-50	24.7	28.8	0.1	-0.6	-54	-0.7	-0.2	3.3	-0.1	15.3
50-75	23.0	38.7	0.0	-0.3	-18	-0.2	-0.4	9.2	0.0	17.6
75-100	23.2	47.1	-0.1	0.9	74	0.4	-0.4	9.1	0.1	19.3
100-200	19.6	58.4	-0.2	3.7	217	0.7	-0.9	23.9	0.2	22.1
200-500	28.8	66.7	-0.8	8.9	1,747	2.4	-0.4	17.1	0.6	25.4
500-1,000	3.4	96.2	-3.7	17.6	19,190	10.1	0.4	8.5	2.7	29.3
More than 1,000	1.7	98.1	-6.9	71.4	149,120	15.1	2.2	24.1	4.8	36.2
All	18.4	32.8	-1.3	100.0	782	4.6	0.0	100.0	1.0	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	181	5,528	3.2	0.7	0.9	0.1
10-20	24,763	15.5	15,706	457	15,249	2.9	3.1	3.8	0.4
20-30	21,537	13.5	26,118	2,093	24,025	8.0	4.4	5.2	1.7
30-40	16,514	10.3	36,581	4,525	32,056	12.4	4.8	5.3	2.8
40-50	13,080	8.2	47,115	7,237	39,877	15.4	4.9	5.2	3.5
50-75	22,835	14.3	64,797	11,427	53,370	17.6	11.7	12.2	9.7
75-100	14,507	9.1	91,187	17,559	73,629	19.3	10.4	10.7	9.4
100-200	21,341	13.4	142,857	31,401	111,456	22.0	24.1	23.8	24.8
200-500	6,329	4.0	299,437	74,338	225,099	24.8	15.0	14.3	17.4
500-1,000	1,147	0.7	714,015	190,202	523,812	26.6	6.5	6.0	8.1
More than 1,000	598	0.4	3,141,857	988,652	2,153,205	31.5	14.8	12.9	21.9
All	159,683	100.0	79,379	16,896	62,484	21.3	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 5.2

Proposal: 3.7

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. 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 Policy
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	6.1	10.2	0.0	0.0	0	-0.1	0.0	0.7	0.0	7.1
10-20	14.0	15.9	0.2	-1.6	-24	-2.0	-0.1	2.6	-0.2	7.4
20-30	17.7	26.5	0.2	-1.7	-33	-1.0	-0.2	5.5	-0.1	12.6
30-40	19.6	30.0	0.1	-0.9	-28	-0.5	-0.3	6.9	-0.1	16.8
40-50	20.7	33.0	0.0	-0.3	-10	-0.1	-0.3	7.9	0.0	19.3
50-75	16.2	42.2	-0.1	0.9	23	0.2	-0.6	18.1	0.0	21.7
75-100	12.8	52.4	-0.2	2.4	147	0.7	-0.3	11.6	0.2	24.2
100-200	11.1	64.4	-0.4	7.1	450	1.3	-0.4	18.0	0.3	24.8
200-500	13.8	82.6	-1.8	15.3	4,175	5.4	0.2	9.9	1.4	27.0
500-1,000	1.1	97.7	-5.3	17.7	26,771	13.6	0.4	4.8	3.8	31.7
More than 1,000	0.4	99.6	-8.3	60.9	165,157	16.4	1.6	14.1	5.5	39.0
All	14.5	28.7	-0.9	100.0	323	3.4	0.0	100.0	0.7	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	11,717	16.6	5,695	402	5,293	7.1	2.1	2.5	0.7
10-20	15,430	21.9	15,557	1,177	14,380	7.6	7.5	8.8	2.7
20-30	11,682	16.6	26,016	3,316	22,701	12.7	9.5	10.5	5.7
30-40	7,821	11.1	36,553	6,152	30,402	16.8	8.9	9.4	7.1
40-50	6,046	8.6	47,054	9,074	37,980	19.3	8.9	9.1	8.1
50-75	9,109	12.9	63,845	13,810	50,035	21.6	18.2	18.0	18.7
75-100	3,700	5.3	90,036	21,642	68,394	24.0	10.4	10.0	11.9
100-200	3,613	5.1	139,747	34,267	105,479	24.5	15.8	15.1	18.4
200-500	837	1.2	304,381	77,906	226,475	25.6	8.0	7.5	9.7
500-1,000	151	0.2	705,144	196,598	508,546	27.9	3.3	3.0	4.4
More than 1,000	84	0.1	2,997,275	1,005,073	1,992,202	33.5	7.9	6.6	12.5
All	70,516	100.0	45,439	9,563	35,876	21.1	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. 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 Policy
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	2.8	20.0	-0.1	0.0	4	2.4	0.0	0.0	0.1	3.8
10-20	5.0	19.5	0.0	0.0	3	2.2	0.0	0.0	0.0	0.9
20-30	14.1	25.4	0.1	-0.1	-15	-1.5	0.0	0.3	-0.1	3.7
30-40	17.4	33.0	0.1	-0.2	-33	-1.3	0.0	0.6	-0.1	6.8
40-50	22.4	32.2	0.1	-0.2	-46	-1.0	-0.1	1.0	-0.1	10.1
50-75	25.9	40.7	0.0	-0.2	-18	-0.2	-0.3	4.6	0.0	14.0
75-100	26.4	47.5	-0.1	0.7	71	0.5	-0.4	7.4	0.1	17.2
100-200	20.6	58.5	-0.2	3.0	178	0.6	-1.3	26.8	0.1	21.5
200-500	30.9	64.5	-0.6	7.2	1,335	1.8	-0.7	20.6	0.5	25.1
500-1,000	3.7	96.0	-3.4	17.7	18,015	9.5	0.4	10.3	2.5	29.0
More than 1,000	2.0	97.7	-6.7	71.9	142,954	14.8	2.3	28.3	4.6	35.7
All	20.5	45.5	-1.5	100.0	1,584	5.4	0.0	100.0	1.2	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- 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	2,132	3.5	4,815	178	4,636	3.7	0.1	0.2	0.0
10-20	3,870	6.3	16,251	144	16,107	0.9	0.8	1.0	0.0
20-30	4,833	7.9	26,206	989	25,217	3.8	1.6	1.9	0.3
30-40	4,426	7.2	36,703	2,540	34,163	6.9	2.0	2.4	0.6
40-50	4,060	6.6	47,252	4,794	42,458	10.1	2.4	2.7	1.1
50-75	9,605	15.6	65,977	9,226	56,751	14.0	7.8	8.6	4.9
75-100	9,045	14.7	91,845	15,698	76,147	17.1	10.2	10.9	7.8
100-200	16,613	27.0	144,066	30,746	113,320	21.3	29.3	29.6	28.0
200-500	5,275	8.6	298,718	73,729	224,989	24.7	19.3	18.7	21.3
500-1,000	957	1.6	716,145	189,487	526,658	26.5	8.4	7.9	10.0
More than 1,000	490	0.8	3,102,780	963,591	2,139,189	31.1	18.6	16.5	25.9
All	61,567	100.0	132,758	29,611	103,147	22.3	100.0	100.0	100.0

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

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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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(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
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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	2.0	10.2	-0.1	2.2	5	-0.5	0.0	-1.5	0.1	-14.0
10-20	9.0	6.3	0.1	-11.6	-12	0.8	0.0	-5.6	-0.1	-9.9
20-30	27.0	6.3	0.3	-76.5	-88	-189.1	-0.3	-0.1	-0.3	-0.2
30-40	34.0	9.5	0.4	-86.2	-120	-3.6	-0.4	8.6	-0.3	8.7
40-50	37.9	15.5	0.4	-81.2	-169	-2.6	-0.4	11.4	-0.4	13.4
50-75	33.6	25.2	0.2	-84.1	-126	-1.2	-0.4	27.2	-0.2	16.9
75-100	31.3	32.4	0.1	-21.4	-79	-0.4	-0.2	18.2	-0.1	20.0
100-200	29.7	37.0	0.0	-1.6	-9	0.0	-0.1	20.5	0.0	23.3
200-500	46.1	46.7	-0.7	47.1	1,551	2.2	0.2	8.4	0.5	25.0
500-1,000	3.8	95.1	-3.3	85.5	16,733	9.7	0.3	3.6	2.4	27.5
More than 1,000	1.7	98.2	-7.1	327.1	142,616	15.1	1.2	9.3	4.8	36.7
All	24.5	14.0	-0.1	100.0	22	0.4	0.0	100.0	0.1	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-	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	2,386	9.5	6,591	-925	7,516	-14.0	1.5	1.9	-1.5
10-20	5,181	20.6	15,741	-1,549	17,290	-9.8	7.5	9.6	-5.6
20-30	4,712	18.8	26,276	47	26,229	0.2	11.4	13.2	0.2
30-40	3,910	15.6	36,461	3,302	33,159	9.1	13.2	13.8	8.9
40-50	2,610	10.4	47,096	6,494	40,602	13.8	11.4	11.3	11.7
50-75	3,632	14.5	64,017	10,967	53,050	17.1	21.5	20.6	27.6
75-100	1,462	5.8	90,229	18,083	72,146	20.0	12.2	11.3	18.3
100-200	952	3.8	134,253	31,268	102,985	23.3	11.8	10.5	20.6
200-500	165	0.7	294,759	72,254	222,505	24.5	4.5	3.9	8.3
500-1,000	28	0.1	688,030	172,425	515,605	25.1	1.8	1.5	3.3
More than 1,000	12	0.1	2,955,354	943,212	2,012,141	31.9	3.4	2.7	8.1
All	25,098	100.0	43,104	5,755	37,349	13.4	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. 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 T11-0024
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
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	1.2	9.6	-0.1	0.0	6	-0.5	0.0	-0.3	0.1	-18.3
10-20	7.8	7.0	0.0	-0.1	-8	0.3	0.1	-1.2	-0.1	-14.6
20-30	25.0	6.9	0.3	-0.9	-74	9.6	0.0	-0.4	-0.3	-3.2
30-40	34.1	9.4	0.4	-1.3	-118	-4.8	-0.1	1.1	-0.3	6.5
40-50	37.8	14.9	0.4	-1.3	-152	-2.7	-0.2	2.0	-0.3	11.7
50-75	36.6	24.8	0.2	-2.0	-127	-1.3	-0.4	6.9	-0.2	15.4
75-100	36.2	33.9	0.1	-0.7	-54	-0.3	-0.4	8.8	-0.1	18.0
100-200	25.4	50.3	-0.1	1.4	69	0.2	-1.2	27.1	0.1	21.6
200-500	41.7	53.8	-0.5	7.4	1,176	1.6	-0.6	20.9	0.4	25.6
500-1,000	3.8	96.1	-3.9	21.3	20,116	10.1	0.5	10.1	2.8	30.6
More than 1,000	1.0	98.9	-7.2	75.9	153,108	15.3	2.3	25.0	4.9	37.1
All	27.3	26.2	-1.2	100.0	945	4.6	0.0	100.0	1.0	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	2,836	5.8	6,263	-1,151	7,414	-18.4	0.4	0.5	-0.3
10-20	5,625	11.4	15,969	-2,320	18,289	-14.5	1.8	2.6	-1.3
20-30	5,645	11.4	26,204	-767	26,971	-2.9	3.0	3.9	-0.4
30-40	5,039	10.2	36,562	2,481	34,081	6.8	3.8	4.4	1.2
40-50	3,930	8.0	47,287	5,671	41,617	12.0	3.8	4.2	2.2
50-75	7,341	14.9	65,172	10,154	55,018	15.6	9.7	10.4	7.3
75-100	5,725	11.6	91,743	16,536	75,207	18.0	10.7	11.1	9.2
100-200	9,407	19.1	143,468	30,867	112,601	21.5	27.5	27.2	28.3
200-500	2,939	6.0	297,723	74,993	222,730	25.2	17.8	16.8	21.5
500-1,000	495	1.0	713,890	198,291	515,599	27.8	7.2	6.6	9.6
More than 1,000	231	0.5	3,118,562	1,004,299	2,114,264	32.2	14.7	12.6	22.7
All	49,348	100.0	99,630	20,790	78,840	20.9	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 policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. 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 T11-0024
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
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	0.3	26.4	-0.1	0.0	6	3.1	0.0	0.1	0.1	3.5
10-20	1.4	24.8	0.0	0.1	5	1.4	0.0	0.5	0.0	2.4
20-30	3.7	46.6	-0.1	0.3	21	1.8	-0.1	1.3	0.1	4.5
30-40	3.5	61.6	-0.2	0.5	58	2.6	-0.1	1.5	0.2	6.2
40-50	6.0	66.4	-0.3	0.7	122	3.7	-0.1	1.6	0.3	7.3
50-75	7.6	74.6	-0.3	2.1	181	2.8	-0.3	6.1	0.3	10.2
75-100	8.2	79.6	-0.6	3.3	468	4.0	-0.3	6.8	0.5	13.6
100-200	8.2	85.6	-0.7	7.3	846	3.3	-0.9	17.6	0.6	18.2
200-500	8.9	89.7	-1.5	10.5	3,458	5.0	-0.6	17.2	1.1	23.8
500-1,000	1.7	97.5	-3.7	13.1	19,751	10.6	0.2	10.7	2.8	28.8
More than 1,000	0.9	98.9	-7.2	62.0	155,813	15.3	2.2	36.5	4.9	36.9
All	4.6	56.3	-1.9	100.0	1,185	8.5	0.0	100.0	1.5	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	207	5,973	3.4	0.5	0.6	0.1
10-20	6,690	21.4	15,817	373	15,444	2.4	4.3	5.1	0.6
20-30	5,381	17.2	25,874	1,146	24,728	4.4	5.7	6.6	1.4
30-40	3,213	10.3	36,522	2,198	34,324	6.0	4.8	5.5	1.6
40-50	2,197	7.0	47,041	3,303	43,738	7.0	4.2	4.8	1.7
50-75	4,326	13.8	65,389	6,480	58,909	9.9	11.6	12.7	6.4
75-100	2,635	8.4	90,496	11,792	78,705	13.0	9.7	10.3	7.1
100-200	3,191	10.2	143,867	25,365	118,502	17.6	18.8	18.8	18.5
200-500	1,123	3.6	305,622	69,208	236,414	22.6	14.0	13.2	17.7
500-1,000	246	0.8	717,204	186,907	530,297	26.1	7.2	6.5	10.5
More than 1,000	148	0.5	3,185,815	1,020,201	2,165,615	32.0	19.2	15.9	34.4
All	31,333	100.0	78,111	13,985	64,126	17.9	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.

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