

Table T11-0087
Eliminate all Individual Income Tax Expenditures
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile, 2015 ¹

Cash Income Percentile ^{2,3}	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	
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	-8.9	3.5	1,067	275.0	0.9	1.4	8.6	11.8
Second Quintile	-8.2	6.7	2,336	74.2	0.9	4.7	7.4	17.3
Middle Quintile	-7.9	9.9	3,779	39.4	-0.2	10.4	6.6	23.2
Fourth Quintile	-9.0	15.7	7,211	36.4	-0.8	17.6	7.2	27.1
Top Quintile	-14.2	64.1	33,528	40.8	-0.7	65.8	10.5	36.3
All	-11.5	100.0	7,738	42.3	0.0	100.0	9.0	30.4
Addendum								
80-90	-10.9	12.7	13,165	37.5	-0.5	13.8	8.4	30.9
90-95	-12.7	10.3	21,732	41.1	-0.1	10.5	9.7	33.3
95-99	-13.1	14.7	38,659	38.1	-0.5	15.8	9.8	35.4
Top 1 Percent	-18.6	26.5	273,354	44.2	0.3	25.7	13.1	42.7
Top 0.1 Percent	-22.7	14.3	1,448,800	47.7	0.5	13.2	15.4	47.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2015 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁶		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
Lowest Quintile	41,611	25.4	12,378	388	11,990	3.1	3.7	4.5	0.5
Second Quintile	36,634	22.3	31,691	3,147	28,544	9.9	8.3	9.5	3.8
Middle Quintile	33,094	20.2	57,583	9,591	47,992	16.7	13.6	14.4	10.6
Fourth Quintile	27,684	16.9	99,858	19,837	80,021	19.9	19.7	20.1	18.3
Top Quintile	24,239	14.8	318,674	82,276	236,398	25.8	55.0	51.9	66.6
All	163,952	100.0	85,596	18,273	67,323	21.3	100.0	100.0	100.0
Addendum									
80-90	12,202	7.4	156,402	35,122	121,280	22.5	13.6	13.4	14.3
90-95	5,998	3.7	223,929	52,923	171,006	23.6	9.6	9.3	10.6
95-99	4,810	2.9	395,693	101,439	294,254	25.6	13.6	12.8	16.3
Top 1 Percent	1,228	0.8	2,091,853	619,020	1,472,833	29.6	18.3	16.4	25.4
Top 0.1 Percent	125	0.1	9,410,020	3,039,453	6,370,567	32.3	8.4	7.2	12.7

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

(1) Calendar year. Baseline is current policy, which assumes extension of all temporary provisions in place for 2011 with the exception of the payroll tax cut and indexes the AMT exemption level after 2011. Proposal repeals individual income tax expenditures including preferential rates on capital gains and qualified dividends; all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor and casualty, theft and loss; exemption on all municipal bond interest; all above-the-line deductions except those for the self-employment tax, moving expenses, and alimony paid; and all tax credits except the foreign tax credit. Proposal also includes 85% of Social Security benefits in taxable income; repeals the AMT; taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; taxes unrealized capital gains at death; repeals the exclusion of the sale of a primary residence; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; and taxes accruals in defined benefit pension plans and defined contribution plans.

(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% \$20,801; 40% \$40,054; 60% \$70,916; 80% \$122,764; 90% \$178,595; 95% \$252,189; 99% \$668,398; 99.9% \$3,077,636.

(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.

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