

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T11-0019
Replace Mortgage Interest Deduction with a Revenue-Neutral 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2015¹
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 (%) Points)	Under the Proposal
Lowest Quintile	3.4	0.0	0.1	206.4	-9	-0.1	5.3
Second Quintile	20.1	0.2	0.4	2,470.9	-117	-0.4	12.1
Middle Quintile	37.5	2.8	0.6	5,558.5	-291	-0.5	18.5
Fourth Quintile	30.1	14.0	0.2	2,456.6	-154	-0.2	22.6
Top Quintile	5.5	44.4	-0.3	-10,592.4	758	0.2	29.5
All	18.8	9.5	0.0	100.0	-1	0.0	24.4
Addendum							
80-90	9.6	33.7	-0.2	-1,217.8	173	0.1	25.7
90-95	1.3	60.3	-0.5	-2,959.7	856	0.4	27.1
95-99	0.8	53.8	-0.6	-4,686.8	1,690	0.4	29.0
Top 1 Percent	2.2	35.5	-0.2	-1,728.1	2,441	0.1	33.9
Top 0.1 Percent	4.2	17.3	0.0	-131.1	1,819	0.0	37.0

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

Number of AMT Taxpayers (millions). Baseline: 25.7

Proposal: 28.5

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current law. Proposal: replaces the mortgage interest deduction with a revenue-neutral 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit is revenue neutral against current law only.

(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% 20801, 40% 40054, 60% 70916, 80% 122764, 90% 178595, 95% 252189, 99% 668398, 99.9% 3077636.

(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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Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2015 ¹
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	3.4	0.0	0.1	206.4	-9	-1.3	0.0	0.8	-0.1	5.3
Second Quintile	20.1	0.2	0.4	2,470.9	-117	-3.0	-0.1	4.1	-0.4	12.1
Middle Quintile	37.5	2.8	0.6	5,558.5	-291	-2.7	-0.3	10.3	-0.5	18.5
Fourth Quintile	30.1	14.0	0.2	2,456.6	-154	-0.7	-0.1	18.3	-0.2	22.6
Top Quintile	5.5	44.4	-0.3	-10,592.4	758	0.8	0.5	66.5	0.2	29.5
All	18.8	9.5	0.0	100.0	-1	0.0	0.0	100.0	0.0	24.4
Addendum										
80-90	9.6	33.7	-0.2	-1,217.8	173	0.4	0.1	14.3	0.1	25.7
90-95	1.3	60.3	-0.5	-2,959.7	856	1.4	0.2	10.6	0.4	27.1
95-99	0.8	53.8	-0.6	-4,686.8	1,690	1.5	0.2	16.1	0.4	29.0
Top 1 Percent	2.2	35.5	-0.2	-1,728.1	2,441	0.4	0.1	25.4	0.1	33.9
Top 0.1 Percent	4.2	17.3	0.0	-131.1	1,819	0.1	0.0	12.7	0.0	37.0

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

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	41,611	25.4	12,378	665	11,713	5.4	3.7	4.6	0.8	
Second Quintile	36,634	22.3	31,691	3,951	27,741	12.5	8.3	9.6	4.2	
Middle Quintile	33,094	20.2	57,583	10,921	46,662	19.0	13.6	14.6	10.5	
Fourth Quintile	27,684	16.9	99,858	22,753	77,105	22.8	19.7	20.1	18.4	
Top Quintile	24,239	14.8	318,674	93,261	225,413	29.3	55.0	51.5	65.9	
All	163,952	100.0	85,596	20,909	64,687	24.4	100.0	100.0	100.0	
Addendum										
80-90	12,202	7.4	156,402	40,070	116,331	25.6	13.6	13.4	14.3	
90-95	5,998	3.7	223,929	59,917	164,012	26.8	9.6	9.3	10.5	
95-99	4,810	2.9	395,693	113,019	282,674	28.6	13.6	12.8	15.9	
Top 1 Percent	1,228	0.8	2,091,853	707,144	1,384,709	33.8	18.3	16.0	25.3	
Top 0.1 Percent	125	0.1	9,410,020	3,475,860	5,934,160	36.9	8.4	7.0	12.7	

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

Number of AMT Taxpayers (millions). Baseline: 25.7 Proposal: 28.5

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current law. Proposal: replaces the mortgage interest deduction with a revenue-neutral 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit is revenue neutral against current law only.

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Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
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	1.7	0.0	0.0	59.0	-3	-0.9	0.0	0.3	0.0	2.8
Second Quintile	19.1	0.6	0.4	2,098.6	-107	-3.3	-0.1	3.1	-0.4	10.9
Middle Quintile	36.0	1.2	0.6	5,026.1	-266	-3.0	-0.3	8.3	-0.5	17.0
Fourth Quintile	31.4	8.1	0.3	3,062.2	-171	-0.9	-0.2	17.4	-0.2	22.0
Top Quintile	7.1	40.5	-0.3	-10,145.9	569	0.7	0.5	70.8	0.2	29.2
All	18.8	9.5	0.0	100.0	-1	0.0	0.0	100.0	0.0	24.4
Addendum										
80-90	11.7	33.9	-0.1	-1,290.3	144	0.4	0.1	15.5	0.1	25.5
90-95	3.7	49.4	-0.4	-2,609.8	584	1.1	0.1	11.7	0.3	27.0
95-99	1.3	47.8	-0.5	-4,493.1	1,273	1.3	0.2	17.3	0.4	28.7
Top 1 Percent	2.2	32.7	-0.2	-1,752.8	2,053	0.3	0.1	26.4	0.1	33.6
Top 0.1 Percent	3.8	16.6	0.0	-139.9	1,641	0.1	0.0	13.2	0.0	36.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

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	34,536	21.1	11,581	325	11,256	2.8	2.9	3.7	0.3	
Second Quintile	34,047	20.8	28,812	3,243	25,568	11.3	7.0	8.2	3.2	
Middle Quintile	32,732	20.0	50,953	8,913	42,040	17.5	11.9	13.0	8.5	
Fourth Quintile	31,021	18.9	87,111	19,356	67,755	22.2	19.3	19.8	17.5	
Top Quintile	30,926	18.9	269,014	77,942	191,073	29.0	59.3	55.7	70.3	
All	163,952	100.0	85,596	20,909	64,687	24.4	100.0	100.0	100.0	
Addendum										
80-90	15,571	9.5	133,326	33,868	99,457	25.4	14.8	14.6	15.4	
90-95	7,752	4.7	191,738	51,144	140,594	26.7	10.6	10.3	11.6	
95-99	6,122	3.7	337,285	95,465	241,821	28.3	14.7	14.0	17.1	
Top 1 Percent	1,481	0.9	1,817,634	609,068	1,208,566	33.5	19.2	16.9	26.3	
Top 0.1 Percent	148	0.1	8,307,026	3,051,251	5,255,775	36.7	8.8	7.3	13.2	

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

Number of AMT Taxpayers (millions). Baseline: 25.7 Proposal: 28.5

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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% 14308, 40% 26767, 60% 45519, 80% 75099, 90% 108866, 95% 155063, 99% 404211, 99.9% 1887502.

(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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Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
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	2.1	0.0	0.0	2.2	-3	-0.5	0.0	1.5	0.0	7.4
Second Quintile	9.9	0.0	0.2	26.0	-40	-1.6	-0.1	4.9	-0.2	10.9
Middle Quintile	22.3	0.5	0.4	74.1	-130	-1.9	-0.2	12.0	-0.3	17.5
Fourth Quintile	26.4	6.2	0.3	63.1	-137	-1.0	-0.1	20.8	-0.2	22.9
Top Quintile	9.1	29.7	-0.1	-65.5	175	0.3	0.4	60.8	0.1	29.7
All	13.0	5.1	0.1	100.0	-36	-0.3	0.0	100.0	-0.1	23.4
Addendum										
80-90	13.4	25.9	0.0	3.9	-20	-0.1	0.0	15.9	0.0	26.5
90-95	6.4	34.5	-0.2	-13.8	152	0.4	0.1	10.8	0.1	27.7
95-99	1.6	35.6	-0.3	-38.0	542	0.8	0.2	14.8	0.2	28.6
Top 1 Percent	3.5	25.0	-0.2	-17.6	1,248	0.3	0.1	19.3	0.1	35.5
Top 0.1 Percent	3.6	15.3	0.0	-1.8	1,409	0.1	0.0	9.3	0.0	39.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

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	18,853	25.7	8,801	651	8,150	7.4	4.6	5.6	1.5	
Second Quintile	17,002	23.2	22,164	2,459	19,705	11.1	10.5	12.2	5.0	
Middle Quintile	15,062	20.6	38,011	6,777	31,235	17.8	16.0	17.2	12.2	
Fourth Quintile	12,111	16.5	62,667	14,509	48,157	23.2	21.2	21.3	20.9	
Top Quintile	9,857	13.5	174,142	51,471	122,671	29.6	47.9	44.1	60.4	
All	73,231	100.0	48,892	11,473	37,419	23.5	100.0	100.0	100.0	
Addendum										
80-90	5,249	7.2	95,614	25,391	70,223	26.6	14.0	13.5	15.9	
90-95	2,394	3.3	136,698	37,652	99,045	27.5	9.1	8.7	10.7	
95-99	1,843	2.5	234,724	66,671	168,054	28.4	12.1	11.3	14.6	
Top 1 Percent	371	0.5	1,225,975	434,180	791,795	35.4	12.7	10.7	19.2	
Top 0.1 Percent	33	0.1	5,940,430	2,343,310	3,597,120	39.5	5.5	4.4	9.3	

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

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current law. Proposal: replaces the mortgage interest deduction with a revenue-neutral 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit is revenue neutral against current law only.

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(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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Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
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	1.1	0.0	0.0	-0.3	-2	-0.4	0.0	0.2	0.0	3.9
Second Quintile	31.8	1.8	0.7	-37.4	-214	-5.0	-0.1	1.6	-0.6	11.0
Middle Quintile	49.8	2.0	0.8	-97.2	-423	-3.9	-0.2	5.3	-0.6	15.9
Fourth Quintile	34.5	9.3	0.2	-61.7	-204	-0.9	-0.2	15.1	-0.2	21.4
Top Quintile	6.0	46.1	-0.3	296.5	776	0.8	0.5	77.8	0.2	29.0
All	24.2	17.2	-0.1	100.0	81	0.2	0.0	100.0	0.1	25.7
Addendum										
80-90	10.5	38.4	-0.2	42.3	232	0.6	0.1	15.6	0.2	25.1
90-95	2.5	56.4	-0.5	77.5	778	1.3	0.1	12.7	0.4	26.8
95-99	1.1	53.5	-0.6	128.2	1,610	1.5	0.2	19.3	0.4	28.8
Top 1 Percent	1.8	35.3	-0.2	48.5	2,337	0.4	0.0	30.1	0.1	33.2
Top 0.1 Percent	3.8	17.0	0.0	3.6	1,704	0.1	0.0	14.8	0.0	36.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

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	7,016	11.3	15,244	596	14,648	3.9	1.2	1.5	0.2
Second Quintile	8,791	14.2	37,117	4,284	32,833	11.5	3.6	4.3	1.6
Middle Quintile	11,579	18.6	65,919	10,920	54,999	16.6	8.5	9.5	5.5
Fourth Quintile	15,217	24.5	107,443	23,209	84,234	21.6	18.2	19.2	15.3
Top Quintile	19,258	31.0	321,382	92,557	228,825	28.8	68.8	65.9	77.3
All	62,127	100.0	144,829	37,127	107,702	25.6	100.0	100.0	100.0
Addendum									
80-90	9,186	14.8	156,560	39,079	117,481	25.0	16.0	16.1	15.6
90-95	5,015	8.1	219,522	57,964	161,558	26.4	12.2	12.1	12.6
95-99	4,010	6.5	386,933	109,634	277,299	28.3	17.2	16.6	19.1
Top 1 Percent	1,046	1.7	2,005,770	662,536	1,343,234	33.0	23.3	21.0	30.1
Top 0.1 Percent	106	0.2	8,907,559	3,222,846	5,684,713	36.2	10.5	9.0	14.9

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

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Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
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	1.2	0.0	0.0	0.7	-2	0.3	0.0	-2.6	0.0	-4.5
Second Quintile	23.5	0.5	0.4	39.6	-130	-3.5	-0.3	13.2	-0.4	10.5
Middle Quintile	42.7	1.2	0.7	67.1	-318	-3.0	-0.5	26.1	-0.6	18.2
Fourth Quintile	34.2	8.2	0.3	19.9	-168	-0.9	0.1	28.3	-0.2	22.7
Top Quintile	8.6	38.0	-0.4	-27.4	541	1.0	0.8	35.1	0.3	27.9
All	20.8	3.3	0.3	100.0	-99	-1.2	0.0	100.0	-0.2	17.3
Addendum										
80-90	12.9	30.2	-0.2	-5.7	179	0.6	0.2	12.8	0.1	25.8
90-95	1.0	53.8	-0.7	-8.4	854	1.8	0.2	5.8	0.5	27.1
95-99	1.1	50.9	-0.6	-10.2	1,401	1.7	0.2	7.5	0.4	26.7
Top 1 Percent	1.7	40.0	-0.2	-3.1	2,190	0.4	0.1	9.0	0.1	33.6
Top 0.1 Percent	5.8	19.6	-0.1	-0.3	2,320	0.1	0.1	4.0	0.0	36.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

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	8,415	32.2	14,797	-662	15,458	-4.5	10.2	12.9	-2.6	
Second Quintile	7,867	30.1	34,037	3,688	30,349	10.8	21.9	23.7	13.5	
Middle Quintile	5,436	20.8	55,786	10,468	45,319	18.8	24.8	24.4	26.5	
Fourth Quintile	3,045	11.7	86,543	19,822	66,721	22.9	21.5	20.1	28.2	
Top Quintile	1,303	5.0	204,531	56,449	148,082	27.6	21.8	19.1	34.3	
All	26,118	100.0	46,858	8,208	38,650	17.5	100.0	100.0	100.0	
Addendum										
80-90	826	3.2	127,224	32,588	94,636	25.6	8.6	7.7	12.6	
90-95	254	1.0	178,355	47,481	130,874	26.6	3.7	3.3	5.6	
95-99	186	0.7	318,117	83,626	234,492	26.3	4.9	4.3	7.3	
Top 1 Percent	36	0.1	1,570,245	524,917	1,045,329	33.4	4.6	3.7	8.8	
Top 0.1 Percent	3	0.0	7,706,961	2,816,131	4,890,830	36.5	1.9	1.5	3.9	

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

Note: Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current law. Proposal: replaces the mortgage interest deduction with a revenue-neutral 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit is revenue neutral against current law only.

(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% 14308, 40% 26767, 60% 45519, 80% 75099, 90% 108866, 95% 155063, 99% 404211, 99.9% 1887502.

(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 T11-0019
Replace Mortgage Interest Deduction with a Revenue-Neutral 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
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	0.8	0.0	0.0	-0.3	-1	0.2	0.0	-0.6	0.0	-5.1
Second Quintile	27.7	1.8	0.5	-32.2	-164	-3.6	-0.1	3.4	-0.4	11.4
Middle Quintile	51.0	2.9	0.7	-74.4	-381	-2.8	-0.3	10.0	-0.6	19.0
Fourth Quintile	28.6	13.0	0.0	-3.3	-17	-0.1	-0.1	20.7	0.0	24.0
Top Quintile	4.0	60.6	-0.5	210.2	1,325	1.3	0.6	66.4	0.4	30.5
All	23.1	13.9	-0.1	100.0	107	0.4	0.0	100.0	0.1	25.1
Addendum										
80-90	6.7	52.9	-0.4	46.5	560	1.2	0.1	15.7	0.3	26.9
90-95	1.0	75.4	-0.9	59.9	1,570	2.2	0.2	10.9	0.6	28.4
95-99	0.8	66.6	-0.8	77.9	2,572	1.9	0.2	16.5	0.6	30.2
Top 1 Percent	1.7	45.5	-0.2	25.9	3,601	0.4	0.0	23.4	0.2	35.1
Top 0.1 Percent	4.9	20.4	0.0	1.6	2,355	0.1	0.0	10.9	0.0	37.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

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	10,392	20.7	16,134	-823	16,957	-5.1	3.1	4.3	-0.6	
Second Quintile	10,497	21.0	38,443	4,528	33,914	11.8	7.5	8.8	3.5	
Middle Quintile	10,426	20.8	68,794	13,456	55,337	19.6	13.3	14.2	10.4	
Fourth Quintile	10,175	20.3	115,654	27,745	87,910	24.0	21.7	22.0	20.8	
Top Quintile	8,467	16.9	349,787	105,385	244,402	30.1	54.7	51.0	65.8	
All	50,095	100.0	108,069	27,056	81,013	25.0	100.0	100.0	100.0	
Addendum										
80-90	4,431	8.8	178,596	47,514	131,082	26.6	14.6	14.3	15.5	
90-95	2,037	4.1	256,317	71,302	185,015	27.8	9.6	9.3	10.7	
95-99	1,617	3.2	459,363	135,970	323,394	29.6	13.7	12.9	16.2	
Top 1 Percent	384	0.8	2,359,939	825,300	1,534,639	35.0	16.7	14.5	23.4	
Top 0.1 Percent	36	0.1	11,083,535	4,123,712	6,959,824	37.2	7.4	6.2	11.0	

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. Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current law. Proposal: replaces the mortgage interest deduction with a revenue-neutral 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit is revenue neutral against current law only.

(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% 14308, 40% 26767, 60% 45519, 80% 75099, 90% 108866, 95% 155063, 99% 404211, 99.9% 1887502.

(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 T11-0019
Replace Mortgage Interest Deduction with a Revenue-Neutral 27.9 Percent Non-Refundable Credit
Limit Mortgages Eligible for Credit to \$500,000 on Primary Residences Only
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015¹
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	1.0	0.0	0.0	0.4	-2	-0.6	0.0	0.3	0.0	2.4
Second Quintile	11.5	0.0	0.3	24.3	-60	-5.8	-0.1	1.6	-0.2	3.9
Middle Quintile	22.7	0.1	0.3	38.7	-132	-4.5	-0.1	3.3	-0.3	6.3
Fourth Quintile	33.3	2.1	0.4	61.5	-258	-2.4	-0.2	10.1	-0.3	13.2
Top Quintile	7.7	12.9	-0.1	-24.9	95	0.1	0.4	84.7	0.0	27.8
All	14.9	2.7	0.1	100.0	-69	-0.4	0.0	100.0	-0.1	20.6
Addendum										
80-90	13.1	10.6	0.1	5.8	-49	-0.2	0.0	11.1	0.0	19.5
90-95	4.9	13.5	-0.1	-5.3	82	0.2	0.1	10.2	0.1	22.3
95-99	2.1	16.5	-0.1	-15.2	248	0.3	0.1	20.2	0.1	26.8
Top 1 Percent	2.1	13.3	-0.1	-10.1	550	0.1	0.2	43.1	0.0	34.2
Top 0.1 Percent	2.9	10.9	0.0	-1.9	916	0.0	0.1	22.6	0.0	37.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2015¹

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	5,688	17.1	11,712	285	11,427	2.4	2.4	3.0	0.3	
Second Quintile	9,342	28.1	24,859	1,033	23,827	4.2	8.4	10.2	1.7	
Middle Quintile	6,733	20.3	44,610	2,949	41,661	6.6	10.9	12.8	3.5	
Fourth Quintile	5,458	16.4	79,625	10,746	68,879	13.5	15.7	17.1	10.3	
Top Quintile	6,004	18.1	288,858	80,230	208,628	27.8	62.7	57.1	84.2	
All	33,251	100.0	83,172	17,199	65,974	20.7	100.0	100.0	100.0	
Addendum										
80-90	2,692	8.1	120,595	23,618	96,977	19.6	11.7	11.9	11.1	
90-95	1,483	4.5	175,090	38,938	136,151	22.2	9.4	9.2	10.1	
95-99	1,408	4.2	305,770	81,587	224,183	26.7	15.6	14.4	20.1	
Top 1 Percent	421	1.3	1,709,760	583,420	1,126,340	34.1	26.0	21.6	42.9	
Top 0.1 Percent	46	0.1	7,425,874	2,765,529	4,660,345	37.2	12.5	9.9	22.5	

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. Estimates assume that individuals pay down their mortgage in response to a smaller tax benefit for mortgage interest.

(1) Calendar year. Baseline is current law. Proposal: replaces the mortgage interest deduction with a revenue-neutral 27.9 percent non-refundable credit; and limits mortgages eligible for the credit to \$500,000 on primary residences only. We approximate the \$500,000 limit on mortgages with a limit on mortgage interest eligible for the credit of \$25,000. The credit is revenue neutral against current law only.

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