

**Table T11-0368**  
**Average Federal Tax Rates under Alternative Tax Policies**  
**by Cash Income Percentile, 2013<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Average Federal Tax Rate (percent) <sup>4</sup>				
	Pre-EGTRRA	2008 Tax	2011 Tax Law,	President's Proposal	
	Law <sup>5</sup>	Law <sup>6</sup>	No Health <sup>7</sup>	No Health <sup>8</sup>	w/Health <sup>9</sup>
Lowest Quintile	3.8	3.4	1.8	1.8	1.8
Second Quintile	10.8	8.9	8.2	8.1	8.1
Middle Quintile	17.3	15.4	15.2	15.2	15.2
Fourth Quintile	21.3	18.9	18.8	18.8	18.9
Top Quintile	28.3	25.2	25.1	26.9	27.4
<b>All</b>	<b>23.1</b>	<b>20.5</b>	<b>20.3</b>	<b>21.3</b>	<b>21.5</b>
<b>Addendum</b>					
<b>80-90</b>	24.5	21.5	21.4	21.5	21.6
<b>90-95</b>	25.7	22.9	22.8	23.0	23.0
<b>95-99</b>	27.2	24.6	24.6	25.6	25.9
<b>Top 1 Percent</b>	33.4	29.8	29.6	34.1	35.3
<b>Top 0.1 Percent</b>	36.9	32.8	32.6	38.2	39.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

(1) Federal taxes include individual and corporate income taxes and payroll taxes that finance Social Security and Medicare. Estimates omit the estate tax, excise taxes, tariffs, and all other sources of federal revenue. Calendar year.

(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 2011 dollars): 20% \$17,909; 40% \$37,090; 60% \$64,531; 80% \$111,344; 90% \$160,377; 95% \$227,314; 99% \$592,985; 99.9% \$2,682,143.

(4) Average pretax income minus individual and corporate income taxes and payroll taxes that finance Social Security and Medicare.

(5) Pre-EGTRRA Tax Law assumes tax law in place before passage of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). Parameters indexed under that law were inflated to 2013 values. No provisions enacted since 2001 are included.

(6) 2008 Tax Law assumes tax law in place in 2008 but omits stimulus payments. Parameters indexed under that law were inflated to 2013 values. No provisions enacted since 2008 are included.

(7) 2011 Tax Law assumes tax law in place in 2011 but omits the tax provisions of the Affordable Care Act of 2010 scheduled to take effect in 2013. For a description of 2011 tax law, referred to as TPC's current policy baseline, see:

<http://www.taxpolicycenter.org/T11-0270>

(8) President's Proposal, No Health, includes all tax provisions in the President's Proposal (described in footnote 9) but omits the tax provisions of the Affordable Care Act of 2010 scheduled to take effect in 2013. In particular, this simulation excludes the 0.9% HI surtax on earnings and the 3.8% HI surtax on investment income and leaves the floor for medical expense deductions at 7.5% of AGI for all taxpayers (rather than raising it to 10%).

(9) President's Proposal (with health) would modify tax law scheduled to be in effect in 2013 by making permanent the 2001-03 tax cuts but repealing most provisions of those tax cuts for high-income tax units (as proposed in Administration's FY2012 budget); reinstating the estate tax as it was in 2009; limiting the value of all itemized deductions and selected tax expenditures to 28 percent for high-income tax units; taxing carried interest in investment partnerships as ordinary income; closing loopholes for corporate jet depreciation; repealing oil and gas subsidies; broadening the business tax base; and making certain changes to international taxation. Unlike all other simulations shown in the table, this simulation includes the tax increases scheduled to start in 2013 under the Affordable Care Act of 2010. Estimates assume that taxpayers would adjust their investment portfolio and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.