

Table T12-0042
Administration's FY2013 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 2011 dollars) ²	Tax Units with Tax Increase or Cut 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
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Less than 10	19.6	-619	7.2	20	2.2	1.1	-120	-2.1	2.7
10-20	43.9	-711	8.9	25	2.1	3.8	-310	-2.0	1.8
20-30	69.7	-1,002	11.6	33	3.0	6.3	-697	-2.7	6.9
30-40	86.4	-1,047	6.7	50	2.9	6.8	-900	-2.5	11.4
40-50	90.3	-1,149	5.4	64	2.7	6.1	-1,031	-2.2	14.2
50-75	96.3	-1,512	2.2	120	2.8	14.4	-1,425	-2.3	16.9
75-100	98.6	-2,341	0.9	215	3.3	14.8	-2,279	-2.6	18.9
100-200	99.1	-4,385	0.7	564	4.1	39.6	-4,274	-3.1	21.6
200-500	91.7	-7,424	8.3	3,282	2.9	16.8	-6,208	-2.1	25.4
500-1,000	42.3	-9,382	57.7	6,867	-0.1	-0.3	659	0.1	29.9
More than 1,000	18.5	-22,636	81.5	53,994	-2.1	-9.5	39,918	1.3	38.5
All	72.4	-2,162	6.5	2,765	2.5	100.0	-1,355	-1.9	21.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3).

Number of AMT Taxpayers (millions). Baseline: 21.0

Proposal: 5.3

* Less than 0.05

** Insufficient data

(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 at 20% and qualified dividends at ordinary rates 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 and certain other tax expenditures to 28% for taxpayers in the top two brackets; l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules; and m) continue certain expiring provisions through 2013. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) reform international tax system; e) reform tax treatment of financial and insurance industry; f) eliminate fossil fuel preferences; and g) reinstate and extend Superfund taxes. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(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 T12-0042
Administration's FY2013 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 2011 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	19.6	7.2	2.2	1.1	-120	-43.9	-0.1	0.1	-2.1	2.7
10-20	43.9	8.9	2.1	3.8	-310	-52.7	-0.3	0.3	-2.0	1.8
20-30	69.7	11.6	3.0	6.3	-697	-28.3	-0.4	1.4	-2.7	6.9
30-40	86.4	6.7	2.9	6.8	-900	-18.1	-0.3	2.7	-2.5	11.4
40-50	90.3	5.4	2.7	6.1	-1,031	-13.6	-0.2	3.3	-2.2	14.2
50-75	96.3	2.2	2.8	14.4	-1,425	-11.8	-0.4	9.2	-2.3	16.9
75-100	98.6	0.9	3.3	14.8	-2,279	-11.9	-0.4	9.4	-2.6	18.9
100-200	99.1	0.7	4.1	39.6	-4,274	-12.4	-1.2	24.1	-3.1	21.6
200-500	91.7	8.3	2.9	16.8	-6,208	-7.7	0.0	17.2	-2.1	25.4
500-1,000	42.3	57.7	-0.1	-0.3	659	0.3	0.7	8.3	0.1	29.9
More than 1,000	18.5	81.5	-2.1	-9.5	39,918	3.5	2.6	23.8	1.3	38.5
All	72.4	6.5	2.5	100.0	-1,355	-7.9	0.0	100.0	-1.9	21.8

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

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	21,065	12.7	5,766	1.0	272	0.2	5,493	1.3	4.7
10-20	27,359	16.5	15,205	3.5	589	0.6	14,616	4.4	3.9
20-30	20,377	12.3	25,480	4.3	2,466	1.8	23,014	5.1	9.7
30-40	16,959	10.2	35,896	5.1	4,988	3.0	30,908	5.7	13.9
40-50	13,305	8.0	46,141	5.1	7,566	3.5	38,575	5.6	16.4
50-75	22,765	13.7	63,142	11.9	12,062	9.7	51,081	12.7	19.1
75-100	14,636	8.8	89,268	10.9	19,150	9.9	70,118	11.2	21.5
100-200	20,881	12.6	139,817	24.3	34,465	25.3	105,352	23.9	24.7
200-500	6,084	3.7	292,655	14.8	80,428	17.2	212,227	14.1	27.5
500-1,000	1,051	0.6	696,116	6.1	207,438	7.7	488,677	5.6	29.8
More than 1,000	534	0.3	3,032,367	13.5	1,127,614	21.2	1,904,753	11.1	37.2
All	166,272	100.0	72,381	100.0	17,117	100.0	55,264	100.0	23.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3).

Number of AMT Taxpayers (millions). Baseline: 21.0

Proposal: 5.3

* Less than 0.05

(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 at 20% and qualified dividends at ordinary rates 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 and certain other tax expenditures to 28% for taxpayers in the top two brackets; l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules; and m) continue certain expiring provisions through 2013. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) reform international tax system; e) reform tax treatment of financial and insurance industry; f) eliminate fossil fuel preferences; and g) reinstate and extend Superfund taxes. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(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 T12-0042
Administration's FY2013 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Level, 2013¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2011 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	13.4	7.5	1.4	2.5	-75	-18.7	-0.1	0.8	-1.3	5.8
10-20	36.6	10.6	1.1	5.7	-148	-14.9	-0.2	2.5	-1.0	5.6
20-30	61.9	15.9	1.6	8.5	-344	-10.8	-0.2	5.4	-1.4	11.2
30-40	87.9	6.6	1.7	9.3	-501	-8.7	-0.1	7.4	-1.4	14.7
40-50	96.2	2.4	1.6	7.2	-600	-6.6	0.1	7.9	-1.3	18.6
50-75	97.2	1.6	2.3	19.3	-1,104	-7.8	-0.1	17.5	-1.8	20.9
75-100	98.0	1.2	3.1	14.5	-2,009	-8.8	-0.2	11.5	-2.3	23.5
100-200	98.1	1.3	3.8	25.6	-3,788	-10.2	-0.6	17.4	-2.8	24.5
200-500	83.0	16.9	3.9	13.0	-8,130	-9.0	-0.2	10.1	-2.7	27.6
500-1,000	37.7	62.0	1.2	1.4	-5,237	-2.2	0.2	4.8	-0.8	33.7
More than 1,000	15.1	84.9	-2.8	-7.2	48,266	3.9	1.5	14.5	1.6	43.3
All	57.9	8.2	2.0	100.0	-615	-7.1	0.0	100.0	-1.6	20.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	16,722	20.7	5,678	3.0	402	1.0	5,276	3.6	7.1
10-20	19,121	23.7	15,084	9.2	993	2.7	14,090	11.0	6.6
20-30	12,334	15.3	25,339	9.9	3,188	5.6	22,151	11.2	12.6
30-40	9,158	11.4	35,802	10.4	5,751	7.6	30,051	11.2	16.1
40-50	5,981	7.4	45,980	8.7	9,164	7.9	36,816	9.0	19.9
50-75	8,668	10.8	62,437	17.2	14,175	17.6	48,262	17.1	22.7
75-100	3,570	4.4	88,424	10.0	22,779	11.7	65,645	9.6	25.8
100-200	3,358	4.2	136,678	14.6	37,271	18.0	99,407	13.6	27.3
200-500	794	1.0	298,894	7.5	90,575	10.3	208,319	6.8	30.3
500-1,000	131	0.2	696,170	2.9	240,091	4.5	456,079	2.4	34.5
More than 1,000	74	0.1	2,952,272	6.9	1,228,986	13.0	1,723,286	5.2	41.6
All	80,622	100.0	39,043	100.0	8,643	100.0	30,400	100.0	22.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3).

* Less than 0.05

(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 at 20% and qualified dividends at ordinary rates 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 and certain other tax expenditures to 28% for taxpayers in the top two brackets; l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules; and m) continue certain expiring provisions through 2013. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) reform international tax system; e) reform tax treatment of financial and insurance industry; f) eliminate fossil fuel preferences; and g) reinstate and extend Superfund taxes. For a description of TPC's current law and <http://www.taxpolicycenter.org/T11-0270>

(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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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 2011 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	25.6	12.3	4.1	0.2	-204	-132.9	0.0	0.0	-4.0	-1.0
10-20	48.8	10.1	3.7	1.1	-577	-268.2	-0.1	-0.1	-3.6	-2.3
20-30	66.1	10.7	5.4	2.7	-1,308	-84.8	-0.2	0.0	-5.1	0.9
30-40	71.6	13.5	4.4	3.7	-1,430	-39.5	-0.2	0.4	-4.0	6.1
40-50	78.0	12.5	3.3	4.3	-1,337	-25.0	-0.2	1.0	-2.9	8.6
50-75	94.9	3.2	2.8	11.1	-1,518	-15.0	-0.5	4.9	-2.4	13.4
75-100	98.8	0.9	3.2	15.5	-2,310	-13.1	-0.5	8.0	-2.6	17.0
100-200	99.4	0.5	4.2	52.1	-4,450	-13.1	-1.8	27.1	-3.2	20.9
200-500	93.6	6.4	2.8	21.9	-6,047	-7.7	-0.1	20.7	-2.1	25.0
500-1,000	43.2	56.8	-0.3	-0.9	1,455	0.7	0.8	10.1	0.2	29.3
More than 1,000	19.2	80.8	-2.0	-11.7	37,309	3.4	2.9	27.6	1.3	37.6
All	87.1	6.2	2.5	100.0	-2,431	-7.3	0.0	100.0	-1.8	23.3

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

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	1,291	2.2	5,093	0.1	153	0.0	4,940	0.1	3.0
10-20	2,559	4.4	15,850	0.5	215	0.0	15,635	0.7	1.4
20-30	2,875	5.0	25,634	1.0	1,542	0.2	24,092	1.2	6.0
30-40	3,624	6.3	36,207	1.7	3,625	0.7	32,581	2.1	10.0
40-50	4,468	7.7	46,489	2.7	5,342	1.2	41,147	3.2	11.5
50-75	10,281	17.8	63,998	8.6	10,088	5.4	53,909	9.7	15.8
75-100	9,429	16.3	89,794	11.0	17,579	8.6	72,215	11.9	19.6
100-200	16,457	28.5	140,888	30.2	33,913	28.9	106,974	30.7	24.1
200-500	5,091	8.8	291,809	19.4	78,886	20.8	212,923	18.9	27.0
500-1,000	885	1.5	696,396	8.0	202,619	9.3	493,777	7.6	29.1
More than 1,000	440	0.8	2,988,320	17.1	1,087,435	24.8	1,900,886	14.6	36.4
All	57,802	100.0	132,789	100.0	33,420	100.0	99,369	100.0	25.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3).

* Less than 0.05

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(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 2011 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	52.8	3.7	4.9	3.0	-343	78.6	-1.0	-1.8	-5.2	-11.8
10-20	65.3	2.4	4.7	12.4	-756	99.6	-3.9	-6.5	-4.9	-9.9
20-30	90.1	2.0	5.0	18.3	-1,241	-120.2	-3.9	-0.8	-4.8	-0.8
30-40	95.9	0.8	4.4	15.8	-1,386	-33.2	-1.6	8.3	-3.9	7.8
40-50	97.3	0.8	3.9	11.4	-1,491	-20.1	0.1	11.7	-3.2	12.9
50-75	98.4	0.7	3.8	19.1	-1,892	-15.5	1.7	27.1	-3.0	16.6
75-100	98.7	0.6	4.0	11.3	-2,754	-13.8	1.5	18.4	-3.1	19.5
100-200	99.4	0.2	3.1	8.4	-3,039	-9.1	2.8	21.7	-2.3	22.9
200-500	82.3	17.6	1.5	1.5	-3,194	-4.2	1.5	8.6	-1.1	25.4
500-1,000	43.8	56.2	-0.2	-0.1	827	0.4	0.8	3.6	0.1	28.7
More than 1,000	20.6	79.4	-1.9	-1.1	33,985	3.1	2.2	9.6	1.2	39.1
All	83.6	1.9	3.9	100.0	-1,303	-20.6	0.0	100.0	-3.3	12.5

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

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	2,911	11.5	6,577	1.9	-436	-0.8	7,013	2.4	-6.6
10-20	5,398	21.4	15,312	8.2	-759	-2.6	16,071	10.2	-5.0
20-30	4,846	19.2	25,728	12.4	1,032	3.1	24,696	14.1	4.0
30-40	3,748	14.8	35,771	13.3	4,179	9.8	31,591	13.9	11.7
40-50	2,505	9.9	45,998	11.4	7,423	11.7	38,576	11.4	16.1
50-75	3,317	13.1	62,381	20.5	12,233	25.4	50,148	19.6	19.6
75-100	1,353	5.4	88,201	11.8	19,937	16.9	68,264	10.9	22.6
100-200	905	3.6	132,511	11.9	33,427	19.0	99,084	10.5	25.2
200-500	149	0.6	287,163	4.3	76,210	7.1	210,953	3.7	26.5
500-1,000	24	0.1	675,227	1.6	192,873	2.9	482,354	1.4	28.6
More than 1,000	11	0.0	2,859,898	3.1	1,083,917	7.4	1,775,981	2.3	37.9
All	25,256	100.0	39,986	100.0	6,316	100.0	33,670	100.0	15.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3).

* Less than 0.05

(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 at 20% and qualified dividends at ordinary rates 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 and certain other tax expenditures to 28% for taxpayers in the top two brackets; l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules; and m) continue certain expiring provisions through 2013. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) reform international tax system; e) reform tax treatment of financial and insurance industry; f) eliminate fossil fuel preferences; and g) reinstate and extend Superfund taxes. For a description of TPC's current law and <http://www.taxpolicycenter.org/T11-0270>

(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 T12-0042
Administration's FY2013 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 2011 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	56.5	2.0	5.9	1.1	-389	59.6	-0.2	-0.4	-6.5	-17.4
10-20	77.2	1.8	5.8	4.6	-989	69.4	-0.7	-1.4	-6.4	-15.6
20-30	94.3	1.0	6.6	7.5	-1,663	-306.1	-0.9	-0.6	-6.5	-4.4
30-40	97.6	0.7	6.0	7.5	-1,907	-49.5	-0.7	1.0	-5.3	5.4
40-50	97.8	0.7	5.3	6.6	-2,065	-29.6	-0.5	2.0	-4.5	10.7
50-75	99.1	0.4	4.2	13.1	-2,187	-18.6	-0.7	7.2	-3.4	15.1
75-100	99.7	0.2	4.4	14.7	-3,089	-16.2	-0.6	9.5	-3.5	17.8
100-200	99.8	0.2	4.9	38.6	-5,133	-14.7	-1.2	27.9	-3.7	21.1
200-500	91.6	8.3	2.8	13.0	-5,791	-7.2	0.9	20.9	-2.0	25.7
500-1,000	35.1	64.9	-0.5	-0.9	2,425	1.1	1.2	9.9	0.4	30.9
More than 1,000	14.2	85.8	-1.9	-6.0	35,477	3.2	3.3	24.0	1.2	38.8
All	91.5	2.2	3.5	100.0	-2,483	-11.1	0.0	100.0	-2.7	21.4

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

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	3,361	6.8	5,988	0.4	-652	-0.2	6,640	0.6	-10.9
10-20	5,658	11.5	15,525	1.9	-1,426	-0.7	16,951	2.8	-9.2
20-30	5,534	11.2	25,702	3.1	543	0.3	25,159	4.0	2.1
30-40	4,844	9.8	35,836	3.8	3,856	1.7	31,981	4.4	10.8
40-50	3,945	8.0	46,072	4.0	6,970	2.5	39,102	4.4	15.1
50-75	7,372	14.9	63,539	10.2	11,781	7.9	51,758	10.9	18.5
75-100	5,840	11.8	89,617	11.4	19,061	10.1	70,556	11.8	21.3
100-200	9,226	18.7	140,522	28.2	34,824	29.1	105,698	27.9	24.8
200-500	2,749	5.6	290,144	17.4	80,314	20.0	209,830	16.5	27.7
500-1,000	450	0.9	695,662	6.8	212,550	8.7	483,112	6.2	30.6
More than 1,000	206	0.4	2,943,211	13.2	1,106,267	20.7	1,836,943	10.9	37.6
All	49,418	100.0	93,026	100.0	22,351	100.0	70,675	100.0	24.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3).

* Less than 0.05

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 at 20% and qualified dividends at ordinary rates 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 and certain other tax expenditures to 28% for taxpayers in the top two brackets; l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules; and m) continue certain expiring provisions through 2013. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) reform international tax system; e) reform tax treatment of financial and insurance industry; f) eliminate fossil fuel preferences; and g) reinstate and extend Superfund taxes. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(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.

Table T12-0042
Administration's FY2013 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 2011 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	0.1	11.6	0.0	0.0	0	0.2	0.0	0.0	0.0	0.9
10-20	1.5	18.6	0.0	0.1	-5	-3.2	0.0	0.3	0.0	1.0
20-30	13.9	39.8	0.3	0.9	-70	-9.2	0.0	0.7	-0.3	2.8
30-40	58.6	22.9	1.0	3.3	-338	-16.2	-0.1	1.4	-0.9	4.9
40-50	67.0	20.0	1.2	3.7	-515	-15.6	-0.2	1.6	-1.1	6.0
50-75	90.1	6.9	2.3	16.5	-1,253	-16.6	-0.7	6.7	-2.0	10.0
75-100	96.8	2.7	2.8	16.3	-2,112	-15.0	-0.7	7.5	-2.4	13.5
100-200	98.6	1.3	4.1	43.6	-4,477	-15.1	-1.8	19.8	-3.2	18.0
200-500	94.6	5.4	4.2	30.1	-9,284	-11.6	-0.9	18.5	-3.1	23.6
500-1,000	50.7	49.1	0.8	2.2	-3,668	-1.7	0.6	10.3	-0.5	30.2
More than 1,000	19.9	80.1	-2.7	-16.8	51,304	4.3	3.7	33.1	1.7	40.5
All	48.0	16.6	1.9	100.0	-1,068	-7.5	0.0	100.0	-1.5	18.6

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

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	3,030	8.2	6,762	0.8	60	0.0	6,702	1.0	0.9
10-20	8,603	23.2	15,150	5.0	150	0.2	14,999	6.1	1.0
20-30	4,956	13.4	25,187	4.7	762	0.7	24,425	5.8	3.0
30-40	3,838	10.4	35,853	5.2	2,093	1.5	33,760	6.2	5.8
40-50	2,823	7.6	46,514	5.0	3,301	1.8	43,213	5.8	7.1
50-75	5,216	14.1	63,113	12.5	7,541	7.4	55,571	13.8	12.0
75-100	3,053	8.2	88,974	10.3	14,117	8.1	74,856	10.9	15.9
100-200	3,858	10.4	139,885	20.5	29,638	21.6	110,247	20.2	21.2
200-500	1,285	3.5	298,833	14.6	79,907	19.4	218,926	13.4	26.7
500-1,000	239	0.7	698,342	6.4	214,228	9.7	484,113	5.5	30.7
More than 1,000	130	0.4	3,081,067	15.2	1,196,798	29.4	1,884,269	11.6	38.8
All	37,068	100.0	71,055	100.0	14,275	100.0	56,780	100.0	20.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3).

* Less than 0.05

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

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