

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

**Table T12-0045**  
**Administration's FY2013 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2013 <sup>1</sup>**  
**Summary Table**

Cash Income Percentile <sup>2,3</sup>	Tax Units with Tax Increase or Cut <sup>4</sup>				Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	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					
Lowest Quintile	4.8	-103	9.8	29	0.0	-0.1	-2	0.0	1.8
Second Quintile	13.9	-215	19.1	40	0.1	-0.6	-22	-0.1	8.1
Middle Quintile	17.3	-326	26.4	70	0.1	-1.0	-40	-0.1	15.1
Fourth Quintile	17.8	-380	37.7	132	0.0	-0.4	-22	0.0	18.8
Top Quintile	11.9	-480	60.8	9,700	-2.8	102.0	5,683	2.1	28.0
All	12.4	-310	27.3	3,188	-1.4	100.0	807	1.1	21.9
<b>Addendum</b>									
80-90	8.4	-512	52.5	230	-0.1	0.6	68	0.1	21.5
90-95	16.3	-528	58.1	429	-0.1	0.5	120	0.1	23.0
95-99	17.7	-370	75.9	6,408	-1.8	16.1	4,495	1.3	26.3
Top 1 Percent	1.6	-1,197	97.3	97,985	-7.8	84.7	93,707	5.3	36.8
Top 0.1 Percent	0.9	-732	99.0	522,161	-10.0	47.4	510,724	6.5	41.7

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

Number of AMT Taxpayers (millions). Baseline: 4.5

Proposal: 5.2

\* Less than 0.05

\*\* Insufficient data

(1) Calendar year. Baseline is current policy. 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) 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) 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 T12-0045**  
**Administration's FY2013 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2013<sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	4.8	9.8	0.0	-0.1	-2	-1.1	0.0	0.3	0.0	1.8
Second Quintile	13.9	19.1	0.1	-0.6	-22	-1.0	-0.2	3.2	-0.1	8.1
Middle Quintile	17.3	26.4	0.1	-1.0	-40	-0.5	-0.6	9.6	-0.1	15.1
Fourth Quintile	17.8	37.7	0.0	-0.4	-22	-0.1	-0.9	17.0	0.0	18.8
Top Quintile	11.9	60.8	-2.8	102.0	5,683	8.1	1.7	69.8	2.1	28.0
All	12.4	27.3	-1.4	100.0	807	5.4	0.0	100.0	1.1	21.9
<b>Addendum</b>										
80-90	8.4	52.5	-0.1	0.6	68	0.2	-0.7	13.5	0.1	21.5
90-95	16.3	58.1	-0.1	0.5	120	0.3	-0.5	10.0	0.1	23.0
95-99	17.7	75.9	-1.8	16.1	4,495	5.3	0.0	16.3	1.3	26.3
Top 1 Percent	1.6	97.3	-7.8	84.7	93,707	16.8	2.9	30.0	5.3	36.8
Top 0.1 Percent	0.9	99.0	-10.0	47.4	510,724	18.4	1.7	15.5	6.5	41.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2013<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	43,362	26.1	10,122	3.7	186	0.3	9,936	4.5	1.8	
Second Quintile	37,681	22.7	27,586	8.6	2,257	3.4	25,329	10.0	8.2	
Middle Quintile	32,699	19.7	50,739	13.8	7,723	10.1	43,016	14.8	15.2	
Fourth Quintile	27,208	16.4	87,197	19.7	16,407	17.9	70,790	20.2	18.8	
Top Quintile	24,067	14.5	272,779	54.6	70,624	68.1	202,155	51.0	25.9	
All	166,272	100.0	72,381	100.0	15,010	100.0	57,371	100.0	20.7	
<b>Addendum</b>										
80-90	12,130	7.3	136,031	13.7	29,205	14.2	106,825	13.6	21.5	
90-95	5,919	3.6	193,370	9.5	44,343	10.5	149,027	9.3	22.9	
95-99	4,805	2.9	338,609	13.5	84,703	16.3	253,906	12.8	25.0	
Top 1 Percent	1,213	0.7	1,767,267	17.8	557,384	27.1	1,209,883	15.4	31.5	
Top 0.1 Percent	124	0.1	7,871,135	8.1	2,773,069	13.8	5,098,066	6.7	35.2	

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

Number of AMT Taxpayers (millions). Baseline: 4.5

Proposal: 5.2

\* Less than 0.05

(1) Calendar year. Baseline is current policy. 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

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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 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.

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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.

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**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	4.2	8.4	0.0	0.0	0	-0.1	0.0	-0.3	0.0	-2.5
Second Quintile	14.9	15.2	0.1	-0.8	-30	-1.9	-0.2	2.0	-0.1	6.3
Middle Quintile	17.6	24.9	0.1	-0.9	-38	-0.6	-0.5	7.6	-0.1	13.6
Fourth Quintile	15.4	34.8	0.1	-0.7	-31	-0.2	-0.9	16.2	0.0	18.3
Top Quintile	11.3	58.1	-2.6	102.3	4,474	7.6	1.5	74.3	1.9	27.6
All	12.4	27.3	-1.4	100.0	807	5.4	0.0	100.0	1.1	21.9
<b>Addendum</b>										
80-90	10.6	47.6	0.0	0.1	13	0.1	-0.8	14.6	0.0	21.5
90-95	14.1	57.7	-0.1	0.7	129	0.3	-0.6	11.2	0.1	23.1
95-99	11.6	75.8	-1.5	14.6	3,219	4.5	-0.2	17.4	1.1	25.9
Top 1 Percent	1.1	97.1	-7.5	86.8	79,401	16.6	3.0	31.1	5.2	36.4
Top 0.1 Percent	0.8	99.1	-10.0	49.6	449,082	18.5	1.8	16.2	6.5	41.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	36,065	21.7	9,430	2.8	-237	-0.3	9,667	3.7	-2.5	
Second Quintile	34,713	20.9	24,668	7.1	1,573	2.2	23,095	8.4	6.4	
Middle Quintile	33,034	19.9	44,764	12.3	6,118	8.1	38,646	13.4	13.7	
Fourth Quintile	30,538	18.4	76,122	19.3	13,948	17.1	62,174	19.9	18.3	
Top Quintile	30,666	18.4	230,715	58.8	59,272	72.8	171,443	55.1	25.7	
All	166,272	100.0	72,381	100.0	15,010	100.0	57,371	100.0	20.7	
<b>Addendum</b>										
80-90	15,414	9.3	115,967	14.9	24,960	15.4	91,008	14.7	21.5	
90-95	7,701	4.6	165,716	10.6	38,127	11.8	127,589	10.3	23.0	
95-99	6,085	3.7	289,779	14.7	71,908	17.5	217,870	13.9	24.8	
Top 1 Percent	1,466	0.9	1,533,122	18.7	478,541	28.1	1,054,581	16.2	31.2	
Top 0.1 Percent	148	0.1	6,917,786	8.5	2,433,968	14.5	4,483,818	7.0	35.2	

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

Number of AMT Taxpayers (millions). Baseline: 4.5

Proposal: 5.2

\* Less than 0.05

(1) Calendar year. Baseline is current policy. 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, <http://www.taxpolicycenter.org/T11-0270>

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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 2011 dollars): 20% \$12,690; 40% \$24,714; 60% \$41,203; 80% \$67,700; 90% \$97,816; 95% \$138,772; 99% \$358,601; 99.9% \$1,621,178.

(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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**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**  
**Detail Table - Single Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	4.6	8.0	0.0	-0.1	-1	-0.3	-0.1	1.2	0.0	4.3
Second Quintile	9.7	18.4	0.1	-0.9	-12	-0.8	-0.2	4.6	-0.1	8.0
Middle Quintile	11.9	25.8	0.0	-0.7	-12	-0.2	-0.5	11.9	0.0	14.5
Fourth Quintile	10.2	31.8	0.0	-0.9	-19	-0.2	-0.9	19.8	0.0	20.1
Top Quintile	7.8	53.7	-2.5	102.4	2,743	7.0	1.7	62.4	1.8	28.1
All	8.4	23.1	-1.0	100.0	319	4.1	0.0	100.0	0.8	20.6
<b>Addendum</b>										
80-90	8.4	42.9	-0.1	1.0	49	0.3	-0.6	15.1	0.1	23.1
90-95	7.0	57.7	-0.2	1.8	196	0.7	-0.4	10.5	0.2	24.6
95-99	8.2	70.8	-1.1	11.5	1,653	3.3	-0.1	14.2	0.8	25.5
Top 1 Percent	0.6	96.6	-9.0	88.1	62,148	18.3	2.7	22.6	6.0	38.9
Top 0.1 Percent	0.2	99.8	-12.8	50.7	390,805	20.5	1.6	11.8	7.9	46.2

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	23,198	28.8	7,467	5.5	324	1.2	7,144	6.6	4.3	
Second Quintile	19,587	24.3	19,069	11.9	1,530	4.8	17,539	13.6	8.0	
Middle Quintile	15,802	19.6	33,699	16.9	4,898	12.4	28,801	18.0	14.5	
Fourth Quintile	11,719	14.5	54,610	20.3	10,982	20.7	43,628	20.3	20.1	
Top Quintile	9,604	11.9	150,063	45.8	39,421	60.8	110,642	42.1	26.3	
All	80,622	100.0	39,043	100.0	7,730	100.0	31,313	100.0	19.8	
<b>Addendum</b>										
80-90	5,116	6.4	83,160	13.5	19,150	15.7	64,010	13.0	23.0	
90-95	2,332	2.9	118,552	8.8	28,915	10.8	89,636	8.3	24.4	
95-99	1,790	2.2	202,277	11.5	49,878	14.3	152,399	10.8	24.7	
Top 1 Percent	365	0.5	1,033,246	12.0	339,458	19.9	693,788	10.0	32.9	
Top 0.1 Percent	33	0.0	4,968,941	5.3	1,905,854	10.2	3,063,087	4.1	38.4	

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

\* Less than 0.05

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**Detail Table - Married Tax Units Filing Jointly**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	3.5	14.4	0.0	0.0	5	-0.6	0.0	-0.2	0.0	-5.8
Second Quintile	17.8	18.3	0.1	-0.2	-36	-1.7	-0.1	0.8	-0.1	6.0
Middle Quintile	20.4	30.3	0.1	-0.5	-44	-0.6	-0.3	4.7	-0.1	12.5
Fourth Quintile	17.9	40.1	0.0	-0.4	-25	-0.2	-0.9	13.9	0.0	17.3
Top Quintile	12.4	61.9	-2.6	101.0	5,398	7.7	1.2	80.7	2.0	27.4
<b>All</b>	<b>15.3</b>	<b>41.0</b>	<b>-1.7</b>	<b>100.0</b>	<b>1,784</b>	<b>6.1</b>	<b>0.0</b>	<b>100.0</b>	<b>1.3</b>	<b>23.4</b>
<b>Addendum</b>										
80-90	11.2	52.1	0.0	0.0	0	0.0	-0.9	14.5	0.0	20.9
90-95	16.7	58.9	-0.1	0.5	101	0.2	-0.7	12.0	0.1	22.6
95-99	12.4	79.0	-1.6	15.4	3,954	4.8	-0.2	19.3	1.2	26.1
Top 1 Percent	1.3	97.2	-7.2	85.1	84,227	16.2	3.1	34.9	5.0	35.7
Top 0.1 Percent	1.1	98.9	-9.5	47.7	463,448	18.1	1.8	17.9	6.2	40.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	4,398	7.6	14,027	0.8	-822	-0.2	14,849	1.1	-5.9
Second Quintile	6,664	11.5	35,110	3.1	2,150	0.9	32,960	3.7	6.1
Middle Quintile	11,624	20.1	58,324	8.8	7,316	5.0	51,007	9.9	12.5
Fourth Quintile	15,415	26.7	93,246	18.7	16,192	14.7	77,054	19.9	17.4
Top Quintile	19,298	33.4	274,004	68.9	69,789	79.5	204,215	65.9	25.5
<b>All</b>	<b>57,802</b>	<b>100.0</b>	<b>132,789</b>	<b>100.0</b>	<b>29,321</b>	<b>100.0</b>	<b>103,468</b>	<b>100.0</b>	<b>22.1</b>
<b>Addendum</b>									
80-90	9,190	15.9	135,542	16.2	28,308	15.4	107,233	16.5	20.9
90-95	5,048	8.7	188,768	12.4	42,629	12.7	146,139	12.3	22.6
95-99	4,018	7.0	331,401	17.4	82,401	19.5	249,000	16.7	24.9
Top 1 Percent	1,042	1.8	1,686,659	22.9	518,537	31.9	1,168,123	20.4	30.7
Top 0.1 Percent	106	0.2	7,429,691	10.3	2,561,558	16.0	4,868,133	8.6	34.5

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

\* Less than 0.05

(1) Calendar year. Baseline is current policy. 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) 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 2011 dollars): 20% \$12,690; 40% \$24,714; 60% \$41,203; 80% \$67,700; 90% \$97,816; 95% \$138,772; 99% \$358,601; 99.9% \$1,621,178.

(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 T12-0045**  
**Administration's FY2013 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	3.3	6.3	0.0	0.7	1	-0.1	0.1	-10.0	0.0	-12.3
Second Quintile	25.3	4.9	0.3	-53.2	-71	-6.4	-0.5	6.6	-0.2	3.5
Middle Quintile	30.6	10.9	0.3	-51.1	-113	-1.6	-0.7	26.7	-0.2	14.2
Fourth Quintile	25.1	20.8	0.2	-29.2	-114	-0.8	-0.5	31.0	-0.2	18.8
Top Quintile	20.7	37.3	-1.5	232.5	1,984	4.5	1.6	45.6	1.1	26.1
All	18.8	9.9	-0.1	100.0	43	0.9	0.0	100.0	0.1	12.6
<b>Addendum</b>										
80-90	17.8	32.0	0.1	-4.7	-62	-0.2	-0.2	16.3	-0.1	22.7
90-95	27.8	34.9	0.0	0.2	8	0.0	-0.1	6.6	0.0	23.5
95-99	28.4	52.4	-1.0	36.0	2,088	3.3	0.2	9.6	0.8	24.6
Top 1 Percent	0.8	97.6	-7.0	201.0	64,817	15.0	1.6	13.1	4.8	36.6
Top 0.1 Percent	0.4	98.9	-9.5	108.8	395,045	17.1	0.9	6.3	6.1	41.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	8,232	32.6	12,526	10.2	-1,538	-10.1	14,064	13.1	-12.3	
Second Quintile	8,034	31.8	29,745	23.7	1,110	7.1	28,634	26.0	3.7	
Middle Quintile	4,869	19.3	49,199	23.7	7,075	27.4	42,124	23.2	14.4	
Fourth Quintile	2,769	11.0	75,439	20.7	14,328	31.6	61,111	19.1	19.0	
Top Quintile	1,263	5.0	175,207	21.9	43,780	44.0	131,427	18.8	25.0	
All	25,256	100.0	39,986	100.0	4,980	100.0	35,006	100.0	12.5	
<b>Addendum</b>										
80-90	814	3.2	111,657	9.0	25,453	16.5	86,204	7.9	22.8	
90-95	230	0.9	154,037	3.5	36,175	6.6	117,862	3.1	23.5	
95-99	186	0.7	266,330	4.9	63,405	9.4	202,926	4.3	23.8	
Top 1 Percent	33	0.1	1,361,869	4.5	433,286	11.5	928,583	3.5	31.8	
Top 0.1 Percent	3	0.0	6,471,563	1.9	2,307,628	5.4	4,163,935	1.4	35.7	

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

\* Less than 0.05

(1) Calendar year. Baseline is current policy. 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) 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 2011 dollars): 20% \$12,690; 40% \$24,714; 60% \$41,203; 80% \$67,700; 90% \$97,816; 95% \$138,772; 99% \$358,601; 99.9% \$1,621,178.

(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 T12-0045**  
**Administration's FY2013 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**  
**Detail Table - Tax Units with Children**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	3.3	6.9	0.0	0.0	2	-0.1	0.1	-2.2	0.0	-15.8
Second Quintile	25.8	6.6	0.2	-1.6	-70	-5.8	-0.1	1.2	-0.2	3.3
Middle Quintile	31.0	14.7	0.2	-2.2	-105	-1.2	-0.6	8.9	-0.2	14.5
Fourth Quintile	25.5	27.6	0.1	-1.6	-78	-0.4	-1.1	19.3	-0.1	18.9
Top Quintile	18.4	54.3	-2.8	105.2	6,090	7.7	1.7	72.6	2.0	28.6
All	20.8	20.7	-1.3	100.0	978	5.2	0.0	100.0	1.1	21.4
<b>Addendum</b>										
80-90	13.4	45.4	0.0	-0.3	-36	-0.1	-0.8	15.4	0.0	22.3
90-95	36.5	43.5	-0.1	0.4	91	0.2	-0.5	10.6	0.0	23.7
95-99	13.7	81.7	-2.4	22.5	6,854	6.6	0.3	17.8	1.8	28.1
Top 1 Percent	0.9	97.7	-7.9	82.6	104,445	16.4	2.8	28.8	5.3	37.7
Top 0.1 Percent	0.1	99.9	-9.6	41.5	569,991	17.5	1.4	13.7	6.2	41.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	10,088	20.4	13,356	2.9	-2,113	-2.3	15,468	4.3	-15.8	
Second Quintile	10,789	21.8	33,957	8.0	1,197	1.4	32,760	9.7	3.5	
Middle Quintile	10,009	20.3	60,740	13.2	8,904	9.5	51,836	14.2	14.7	
Fourth Quintile	9,950	20.1	101,182	21.9	19,153	20.4	82,029	22.3	18.9	
Top Quintile	8,349	16.9	298,935	54.3	79,505	70.9	219,429	50.0	26.6	
All	49,418	100.0	93,026	100.0	18,948	100.0	74,078	100.0	20.4	
<b>Addendum</b>										
80-90	4,396	8.9	154,877	14.8	34,595	16.2	120,282	14.4	22.3	
90-95	1,981	4.0	221,864	9.6	52,561	11.1	169,303	9.2	23.7	
95-99	1,589	3.2	392,402	13.6	103,301	17.5	289,101	12.6	26.3	
Top 1 Percent	382	0.8	1,966,324	16.4	636,643	26.0	1,329,682	13.9	32.4	
Top 0.1 Percent	35	0.1	9,174,185	7.0	3,263,375	12.3	5,910,811	5.7	35.6	

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 policy. 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, <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) 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 2011 dollars): 20% \$12,690; 40% \$24,714; 60% \$41,203; 80% \$67,700; 90% \$97,816; 95% \$138,772; 99% \$358,601; 99.9% \$1,621,178.

(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 T12-0045**  
**Administration's FY2013 Budget Proposals**  
**Major Individual Income and Corporate Tax Provisions**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	*	10.9	0.0	0.0	1	2.2	0.0	0.1	0.0	0.7
Second Quintile	0.7	31.4	0.0	0.2	7	2.3	0.0	0.6	0.0	1.6
Middle Quintile	4.4	55.3	-0.1	0.5	26	1.3	-0.3	3.4	0.1	5.0
Fourth Quintile	6.5	68.4	-0.1	0.8	50	0.7	-0.9	10.1	0.1	11.1
Top Quintile	6.0	81.2	-3.3	98.4	5,894	10.7	1.2	85.7	2.5	26.2
All	3.4	49.2	-1.9	100.0	1,117	9.2	0.0	100.0	1.6	18.7
<b>Addendum</b>										
80-90	6.8	74.7	-0.2	1.5	200	1.2	-0.9	10.8	0.2	15.8
90-95	5.7	82.1	-0.4	1.8	430	1.5	-0.8	10.3	0.3	19.0
95-99	6.2	89.0	-1.3	10.3	2,747	4.7	-0.8	19.5	1.0	23.1
Top 1 Percent	1.0	96.4	-8.7	84.7	82,064	18.7	3.6	45.2	5.9	37.6
Top 0.1 Percent	0.2	99.6	-11.9	50.2	473,836	20.8	2.4	24.5	7.6	43.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	5,988	16.2	9,531	2.2	66	0.1	9,464	2.6	0.7	
Second Quintile	9,396	25.4	20,198	7.2	316	0.7	19,882	8.6	1.6	
Middle Quintile	8,334	22.5	40,053	12.7	1,981	3.7	38,072	14.5	5.0	
Fourth Quintile	6,402	17.3	69,759	17.0	7,708	10.9	62,051	18.2	11.1	
Top Quintile	6,913	18.7	232,751	61.1	55,185	84.6	177,566	56.2	23.7	
All	37,068	100.0	71,055	100.0	12,169	100.0	58,887	100.0	17.1	
<b>Addendum</b>										
80-90	3,175	8.6	105,683	12.7	16,543	11.6	89,140	13.0	15.7	
90-95	1,753	4.7	152,604	10.2	28,585	11.1	124,018	10.0	18.7	
95-99	1,557	4.2	266,474	15.8	58,808	20.3	207,666	14.8	22.1	
Top 1 Percent	427	1.2	1,382,440	22.4	438,095	41.5	944,344	18.5	31.7	
Top 0.1 Percent	44	0.1	6,274,992	10.4	2,276,032	22.1	3,998,960	8.0	36.3	

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.

(1) Calendar year. Baseline is current policy. 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, <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) 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 2011 dollars): 20% \$12,690; 40% \$24,714; 60% \$41,203; 80% \$67,700; 90% \$97,816; 95% \$138,772; 99% \$358,601; 99.9% \$1,621,178.

(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.