

Table T12-0048
Administration's FY2013 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015 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	8.6	-40	10.1	42	0.0	0.0	1	0.0	2.8
10-20	10.6	-116	13.7	52	0.0	-0.1	-5	0.0	1.8
20-30	16.5	-185	22.2	77	0.1	-0.2	-14	-0.1	7.0
30-40	19.1	-238	28.1	107	0.1	-0.2	-15	0.0	11.4
40-50	21.2	-301	29.4	137	0.1	-0.2	-25	-0.1	14.4
50-75	18.4	-349	41.4	195	0.0	0.2	14	0.0	17.0
75-100	19.5	-372	49.0	254	-0.1	0.4	45	0.1	19.1
100-200	14.7	-443	62.5	492	-0.2	3.1	219	0.2	22.0
200-500	21.9	-613	72.8	4,942	-1.4	13.7	3,258	1.1	25.6
500-1,000	1.6	-643	97.6	25,616	-4.5	17.0	24,070	3.3	30.2
More than 1,000	0.9	-2,548	98.8	189,866	-8.8	66.1	184,644	6.0	37.7
All	15.6	-296	34.4	3,116	-1.6	100.0	997	1.2	22.2

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

Number of AMT Taxpayers (millions). Baseline: 6.0

Proposal: 6.4

* 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 <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 T12-0048
Administration's FY2013 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015 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	8.6	10.1	0.0	0.0	1	0.5	0.0	0.1	0.0	2.8
10-20	10.6	13.7	0.0	-0.1	-5	-1.8	0.0	0.3	0.0	1.8
20-30	16.5	22.2	0.1	-0.2	-14	-0.7	-0.1	1.2	-0.1	7.0
30-40	19.1	28.1	0.1	-0.2	-15	-0.4	-0.2	2.3	0.0	11.4
40-50	21.2	29.4	0.1	-0.2	-25	-0.4	-0.2	3.1	-0.1	14.4
50-75	18.4	41.4	0.0	0.2	14	0.1	-0.5	8.9	0.0	17.0
75-100	19.5	49.0	-0.1	0.4	45	0.3	-0.5	8.7	0.1	19.1
100-200	14.7	62.5	-0.2	3.1	219	0.7	-1.3	25.2	0.2	22.0
200-500	21.9	72.8	-1.4	13.7	3,258	4.4	-0.3	18.2	1.1	25.6
500-1,000	1.6	97.6	-4.5	17.0	24,070	12.4	0.5	8.6	3.3	30.2
More than 1,000	0.9	98.8	-8.8	66.1	184,644	18.9	2.5	23.2	6.0	37.7
All	15.6	34.4	-1.6	100.0	997	5.9	0.0	100.0	1.2	22.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015 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	18,828	11.1	5,900	0.8	164	0.1	5,736	1.0	2.8
10-20	26,753	15.8	15,859	3.1	294	0.3	15,566	3.9	1.9
20-30	20,164	11.9	26,538	3.9	1,882	1.3	24,656	4.6	7.1
30-40	16,562	9.8	37,305	4.5	4,252	2.5	33,053	5.1	11.4
40-50	13,738	8.1	47,821	4.8	6,923	3.3	40,898	5.2	14.5
50-75	24,031	14.2	65,604	11.6	11,138	9.4	54,467	12.2	17.0
75-100	14,893	8.8	92,846	10.2	17,689	9.2	75,157	10.4	19.1
100-200	23,887	14.1	145,539	25.5	31,720	26.5	113,819	25.3	21.8
200-500	7,059	4.2	305,065	15.8	74,942	18.5	230,123	15.1	24.6
500-1,000	1,187	0.7	726,148	6.3	194,923	8.1	531,225	5.9	26.8
More than 1,000	603	0.4	3,088,329	13.7	978,927	20.7	2,109,402	11.8	31.7
All	168,946	100.0	80,584	100.0	16,917	100.0	63,667	100.0	21.0

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

Number of AMT Taxpayers (millions). Baseline: 6.0

Proposal: 6.4

* 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) 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 T12-0048
Administration's FY2013 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015 ¹
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	9.0	9.5	0.0	0.0	0	0.0	0.0	0.7	0.0	5.9
10-20	10.5	15.2	0.0	-0.4	-6	-0.7	-0.1	2.2	0.0	5.5
20-30	14.3	28.1	0.0	-0.1	-2	-0.1	-0.2	4.7	0.0	10.8
30-40	13.5	34.8	0.0	0.3	11	0.2	-0.3	6.4	0.0	14.3
40-50	14.9	34.1	0.0	0.2	10	0.1	-0.4	7.4	0.0	18.1
50-75	10.3	46.7	-0.1	2.0	73	0.5	-0.7	17.4	0.1	21.1
75-100	8.2	55.9	-0.2	1.7	144	0.7	-0.5	11.6	0.2	23.5
100-200	8.5	65.0	-0.5	6.5	541	1.6	-0.6	19.6	0.4	24.8
200-500	7.1	89.2	-3.0	18.5	6,927	8.7	0.4	10.6	2.2	27.6
500-1,000	0.5	98.0	-6.8	16.8	35,166	17.6	0.6	5.2	4.9	32.9
More than 1,000	0.2	99.8	-11.3	54.2	224,408	21.4	1.9	14.2	7.4	41.9
All	11.1	29.3	-1.2	100.0	427	4.8	0.0	100.0	1.0	21.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015 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	14,874	18.3	5,819	2.4	345	0.7	5,474	2.8	5.9
10-20	18,897	23.2	15,738	8.3	872	2.3	14,865	9.8	5.5
20-30	12,463	15.3	26,424	9.2	2,860	5.0	23,564	10.2	10.8
30-40	9,026	11.1	37,254	9.4	5,325	6.7	31,929	10.0	14.3
40-50	6,458	7.9	47,583	8.6	8,618	7.8	38,965	8.8	18.1
50-75	9,524	11.7	65,053	17.3	13,642	18.1	51,411	17.1	21.0
75-100	4,046	5.0	91,748	10.4	21,392	12.1	70,356	9.9	23.3
100-200	4,174	5.1	142,151	16.5	34,706	20.2	107,445	15.6	24.4
200-500	926	1.1	311,980	8.1	79,227	10.2	232,753	7.5	25.4
500-1,000	165	0.2	715,451	3.3	200,150	4.6	515,302	3.0	28.0
More than 1,000	84	0.1	3,035,414	7.1	1,047,017	12.2	1,988,397	5.8	34.5
All	81,336	100.0	44,116	100.0	8,823	100.0	35,293	100.0	20.0

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>

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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 T12-0048
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Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015¹
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	6.5	18.1	-0.2	0.0	10	-76.6	0.0	0.0	0.2	-0.1
10-20	6.0	17.4	-0.1	0.0	11	-2.9	0.0	0.0	0.1	-2.2
20-30	13.1	21.9	0.0	0.0	2	0.4	0.0	0.1	0.0	1.7
30-40	16.9	32.5	0.0	0.0	-11	-0.5	0.0	0.4	0.0	6.2
40-50	19.4	33.7	0.0	0.0	-9	-0.2	-0.1	0.9	0.0	9.1
50-75	21.4	43.2	0.0	0.0	-2	0.0	-0.3	4.3	0.0	13.1
75-100	23.1	48.9	0.0	0.2	28	0.2	-0.5	6.9	0.0	16.9
100-200	15.4	63.4	-0.1	2.2	154	0.5	-1.7	27.8	0.1	21.2
200-500	24.1	70.4	-1.2	12.3	2,650	3.6	-0.7	22.0	0.9	25.3
500-1,000	1.7	97.6	-4.2	17.2	22,234	11.5	0.5	10.4	3.1	29.7
More than 1,000	1.1	98.6	-8.3	68.1	175,202	18.4	2.7	27.2	5.7	36.9
All	17.7	50.7	-1.9	100.0	2,165	6.6	0.0	100.0	1.5	23.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015¹

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	1,193	2.0	5,175	0.1	-13	0.0	5,188	0.1	-0.2
10-20	2,308	3.9	16,515	0.4	-368	0.0	16,882	0.6	-2.2
20-30	2,817	4.8	26,670	0.9	444	0.1	26,225	1.1	1.7
30-40	3,184	5.4	37,640	1.4	2,326	0.4	35,314	1.7	6.2
40-50	4,125	7.0	48,277	2.3	4,415	1.0	43,861	2.7	9.2
50-75	10,125	17.2	66,252	7.8	8,698	4.6	57,553	8.7	13.1
75-100	8,981	15.3	93,522	9.7	15,810	7.4	77,711	10.4	16.9
100-200	18,369	31.2	146,871	31.2	30,981	29.5	115,891	31.7	21.1
200-500	5,889	10.0	304,115	20.7	74,207	22.7	229,908	20.2	24.4
500-1,000	983	1.7	728,319	8.3	194,012	9.9	534,307	7.8	26.6
More than 1,000	495	0.8	3,052,733	17.5	951,344	24.5	2,101,389	15.5	31.2
All	58,870	100.0	146,762	100.0	32,727	100.0	114,035	100.0	22.3

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
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015 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	7.8	9.8	0.0	0.2	1	-0.1	0.0	-1.3	0.0	-12.0
10-20	12.6	6.3	0.0	-2.3	-7	0.5	0.0	-5.3	-0.1	-9.9
20-30	25.2	6.5	0.2	-15.3	-56	96.1	-0.2	-0.3	-0.2	-0.4
30-40	34.2	9.7	0.2	-18.8	-79	-2.5	-0.3	7.6	-0.2	8.2
40-50	40.0	13.9	0.3	-22.1	-134	-2.1	-0.4	10.7	-0.3	13.0
50-75	32.3	24.6	0.2	-21.7	-94	-0.9	-0.5	26.5	-0.1	16.8
75-100	30.0	33.8	0.2	-10.2	-109	-0.6	-0.3	17.9	-0.1	19.8
100-200	24.6	40.4	0.0	-0.8	-12	0.0	-0.3	22.9	0.0	23.3
200-500	32.9	59.3	-1.2	29.9	2,695	3.7	0.2	8.9	0.9	25.6
500-1,000	3.3	95.1	-3.9	32.7	20,357	10.9	0.3	3.5	2.9	29.3
More than 1,000	0.9	98.8	-8.6	127.9	169,961	17.8	1.3	8.9	5.8	38.2
All	25.1	14.4	-0.2	100.0	64	1.1	0.0	100.0	0.1	13.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015 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	2,630	10.1	6,699	1.5	-803	-1.3	7,502	2.0	-12.0
10-20	5,290	20.3	15,982	7.3	-1,579	-5.3	17,561	9.2	-9.9
20-30	4,577	17.5	26,748	10.5	-58	-0.2	26,806	12.2	-0.2
30-40	3,986	15.3	37,118	12.7	3,135	7.9	33,983	13.4	8.5
40-50	2,750	10.5	47,741	11.3	6,353	11.1	41,387	11.3	13.3
50-75	3,859	14.8	65,204	21.6	11,028	27.0	54,176	20.8	16.9
75-100	1,567	6.0	91,930	12.4	18,284	18.2	73,645	11.5	19.9
100-200	1,144	4.4	137,276	13.5	31,955	23.2	105,321	12.0	23.3
200-500	185	0.7	297,897	4.7	73,697	8.7	224,200	4.1	24.7
500-1,000	27	0.1	706,379	1.6	186,873	3.2	519,506	1.4	26.5
More than 1,000	13	0.1	2,940,222	3.2	952,440	7.6	1,987,782	2.5	32.4
All	26,121	100.0	44,620	100.0	6,041	100.0	38,579	100.0	13.5

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) 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 T12-0048
Administration's FY2013 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015 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	9.2	7.0	0.0	0.0	1	-0.1	0.0	-0.3	0.0	-17.3
10-20	11.7	6.8	0.0	0.0	-4	0.2	0.1	-1.2	0.0	-15.6
20-30	23.5	7.6	0.2	-0.4	-46	4.5	0.0	-0.5	-0.2	-4.0
30-40	33.5	10.2	0.2	-0.7	-77	-3.3	-0.1	1.0	-0.2	6.1
40-50	38.0	14.2	0.3	-0.8	-112	-2.0	-0.2	1.9	-0.2	11.2
50-75	34.3	24.3	0.2	-1.1	-88	-0.9	-0.4	6.7	-0.1	15.3
75-100	35.5	33.8	0.1	-0.6	-58	-0.4	-0.5	8.5	-0.1	17.9
100-200	22.8	52.6	-0.1	1.1	61	0.2	-1.5	28.8	0.0	21.5
200-500	33.9	60.9	-1.2	14.3	2,592	3.4	-0.4	22.1	0.9	25.9
500-1,000	2.3	97.1	-4.4	19.5	23,047	11.4	0.5	9.8	3.2	31.1
More than 1,000	0.9	99.1	-8.6	68.6	176,528	17.9	2.5	23.2	5.8	38.1
All	26.6	27.8	-1.4	100.0	1,151	5.4	0.0	100.0	1.1	22.0

**Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015 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	3,055	6.1	6,104	0.4	-1,054	-0.3	7,158	0.5	-17.3
10-20	5,354	10.7	16,179	1.7	-2,515	-1.3	18,694	2.5	-15.6
20-30	5,205	10.4	26,687	2.7	-1,012	-0.5	27,698	3.5	-3.8
30-40	4,865	9.7	37,231	3.5	2,348	1.1	34,882	4.2	6.3
40-50	4,063	8.1	47,981	3.8	5,489	2.1	42,492	4.2	11.4
50-75	7,481	14.9	66,213	9.6	10,223	7.1	55,989	10.3	15.4
75-100	5,727	11.4	93,379	10.4	16,794	9.0	76,586	10.8	18.0
100-200	10,299	20.5	146,387	29.3	31,452	30.2	114,935	29.1	21.5
200-500	3,188	6.4	301,180	18.7	75,532	22.5	225,648	17.7	25.1
500-1,000	488	1.0	726,899	6.9	202,961	9.2	523,939	6.3	27.9
More than 1,000	225	0.5	3,052,860	13.3	987,405	20.7	2,065,455	11.4	32.3
All	50,185	100.0	102,460	100.0	21,343	100.0	81,118	100.0	20.8

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, 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 T12-0048
Administration's FY2013 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2015 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	13.5	-0.1	0.0	3	5.0	0.0	0.0	0.1	1.0
10-20	0.3	20.5	0.0	0.1	7	5.2	0.0	0.2	0.0	0.9
20-30	1.8	48.1	-0.1	0.3	29	4.3	0.0	0.6	0.1	2.7
30-40	2.8	63.0	-0.2	0.4	61	3.5	-0.1	1.2	0.2	4.9
40-50	4.8	61.4	-0.2	0.5	93	3.1	-0.1	1.5	0.2	6.4
50-75	6.7	73.1	-0.3	1.7	171	2.7	-0.5	6.2	0.3	9.8
75-100	5.8	78.9	-0.3	1.6	276	2.3	-0.6	6.8	0.3	13.6
100-200	6.4	84.9	-0.6	5.8	743	2.9	-1.5	19.8	0.5	18.1
200-500	7.7	89.9	-2.2	14.0	5,306	7.6	-0.6	19.2	1.7	23.9
500-1,000	0.9	98.1	-5.4	15.4	29,076	15.3	0.5	11.2	4.0	30.1
More than 1,000	0.4	99.4	-10.2	60.2	213,027	21.2	2.9	33.1	6.9	39.2
All	3.4	54.1	-2.2	100.0	1,439	10.7	0.0	100.0	1.8	19.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2015 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	2,834	7.3	6,863	0.6	64	0.0	6,799	0.8	0.9
10-20	8,975	23.1	15,942	4.7	129	0.2	15,813	5.6	0.8
20-30	5,212	13.4	26,318	4.5	672	0.7	25,646	5.3	2.6
30-40	3,903	10.0	37,346	4.8	1,756	1.3	35,590	5.5	4.7
40-50	2,851	7.3	47,663	4.5	2,955	1.6	44,708	5.1	6.2
50-75	5,623	14.5	65,129	12.0	6,223	6.7	58,906	13.2	9.6
75-100	3,151	8.1	92,429	9.6	12,283	7.4	80,145	10.0	13.3
100-200	4,366	11.2	145,274	20.9	25,543	21.3	119,730	20.8	17.6
200-500	1,477	3.8	315,054	15.3	70,126	19.8	244,928	14.4	22.3
500-1,000	296	0.8	730,232	7.1	190,339	10.7	539,894	6.3	26.1
More than 1,000	158	0.4	3,102,318	16.1	1,003,768	30.3	2,098,550	13.2	32.4
All	38,882	100.0	78,233	100.0	13,483	100.0	64,750	100.0	17.2

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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