

Table T12-0055
Administration's FY2013 Budget Proposals
Tax Provisions Affecting Primarily High-Income Taxpayers
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2013 ¹
Summary Table

Cash Income Percentile ^{2,3}	Tax Units with Tax Increase or Cut ⁴				Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut		With Tax Increase					Change (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	0.0	0	0.1	16	0.0	0.0	0	0.0	3.8
Second Quintile	0.0	0	0.7	29	0.0	0.0	0	0.0	10.8
Middle Quintile	0.0	0	3.1	37	0.0	0.1	1	0.0	17.4
Fourth Quintile	0.1	-69	4.6	89	0.0	0.3	4	0.0	21.4
Top Quintile	4.4	-267	16.1	8,705	-0.7	99.5	1,390	0.5	29.8
All	0.7	-263	3.9	5,247	-0.4	100.0	202	0.3	24.0
Addendum									
80-90	0.1	-207	2.9	302	0.0	0.3	9	0.0	24.7
90-95	9.6	-154	3.2	773	0.0	0.2	10	0.0	25.9
95-99	9.5	-400	47.6	4,478	-0.9	29.9	2,095	0.6	28.6
Top 1 Percent	2.0	-433	86.6	22,127	-1.7	69.1	19,160	1.1	36.6
Top 0.1 Percent	0.8	-432	95.0	92,192	-1.8	32.4	87,565	1.1	40.7

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

Number of AMT Taxpayers (millions). Baseline: 21.0

Proposal: 22.8

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current law. Proposal would a) reinstate the 36 and 39.6 percent tax brackets with 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); b) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; c) 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; and d) limit itemized deductions and certain other tax expenditures to 28% for taxpayers in the top two brackets. 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 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.

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Distribution of Federal Tax Change by Cash Income Percentile, 2013 ¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.1	0.0	0.0	0	0.0	0.0	0.6	0.0	3.8
Second Quintile	0.0	0.7	0.0	0.0	0	0.0	-0.1	3.9	0.0	10.8
Middle Quintile	0.0	3.1	0.0	0.1	1	0.0	-0.1	10.0	0.0	17.4
Fourth Quintile	0.1	4.6	0.0	0.3	4	0.0	-0.2	17.6	0.0	21.4
Top Quintile	4.4	16.1	-0.7	99.5	1,390	1.7	0.4	67.8	0.5	29.8
All	0.7	3.9	-0.4	100.0	202	1.2	0.0	100.0	0.3	24.0
Addendum										
80-90	0.1	2.9	0.0	0.3	9	0.0	-0.2	14.1	0.0	24.7
90-95	9.6	3.2	0.0	0.2	10	0.0	-0.1	10.3	0.0	25.9
95-99	9.5	47.6	-0.9	29.9	2,095	2.2	0.2	16.2	0.6	28.6
Top 1 Percent	2.0	86.6	-1.7	69.1	19,160	3.1	0.5	27.2	1.1	36.6
Top 0.1 Percent	0.8	95.0	-1.8	32.4	87,565	2.8	0.2	13.8	1.1	40.7

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

Cash Income Percentile ^{2,3}	Tax Units ⁴		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	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	380	0.6	9,742	4.6	3.8	
Second Quintile	37,681	22.7	27,586	8.6	2,966	3.9	24,620	10.1	10.8	
Middle Quintile	32,699	19.7	50,739	13.8	8,815	10.1	41,923	14.9	17.4	
Fourth Quintile	27,208	16.4	87,197	19.7	18,636	17.8	68,561	20.3	21.4	
Top Quintile	24,067	14.5	272,779	54.6	79,797	67.4	192,982	50.6	29.3	
All	166,272	100.0	72,381	100.0	17,132	100.0	55,250	100.0	23.7	
Addendum										
80-90	12,130	7.3	136,031	13.7	33,532	14.3	102,499	13.5	24.7	
90-95	5,919	3.6	193,370	9.5	50,062	10.4	143,308	9.2	25.9	
95-99	4,805	2.9	338,609	13.5	94,894	16.0	243,715	12.8	28.0	
Top 1 Percent	1,213	0.7	1,767,267	17.8	627,853	26.7	1,139,414	15.0	35.5	
Top 0.1 Percent	124	0.1	7,871,135	8.1	3,116,320	13.6	4,754,815	6.4	39.6	

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

Number of AMT Taxpayers (millions). Baseline: 21.0

Proposal: 22.8

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would a) reinstate the 36 and 39.6 percent tax brackets with 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); b) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; c) 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; and d) limit itemized deductions and certain other tax expenditures to 28% for taxpayers in the top two brackets. For a description of TPC's current law and current policy baselines, see <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 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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Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 ¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	*	0.0	0.0	0	0.0	0.0	0.1	0.0	1.1
Second Quintile	0.0	0.4	0.0	0.0	0	0.0	0.0	2.8	0.0	9.4
Middle Quintile	0.0	2.2	0.0	0.1	1	0.0	-0.1	8.2	0.0	15.9
Fourth Quintile	0.0	4.8	0.0	0.3	3	0.0	-0.2	16.8	0.0	20.8
Top Quintile	3.5	13.4	-0.7	99.7	1,092	1.6	0.3	72.0	0.5	29.3
All	0.7	3.9	-0.4	100.0	202	1.2	0.0	100.0	0.3	24.0
Addendum										
80-90	0.2	2.9	0.0	0.3	6	0.0	-0.2	15.0	0.0	24.2
90-95	4.0	3.5	0.0	1.0	43	0.1	-0.1	11.4	0.0	25.8
95-99	11.3	35.9	-0.8	28.3	1,564	2.0	0.1	17.3	0.5	28.2
Top 1 Percent	3.2	82.7	-1.6	70.1	16,071	3.0	0.5	28.3	1.1	36.3
Top 0.1 Percent	1.3	94.1	-1.9	34.1	77,487	2.8	0.2	14.5	1.1	40.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	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	105	0.1	9,325	3.7	1.1	
Second Quintile	34,713	20.9	24,668	7.1	2,308	2.8	22,360	8.5	9.4	
Middle Quintile	33,034	19.9	44,764	12.3	7,107	8.2	37,658	13.5	15.9	
Fourth Quintile	30,538	18.4	76,122	19.3	15,836	17.0	60,286	20.0	20.8	
Top Quintile	30,666	18.4	230,715	58.8	66,580	71.7	164,135	54.8	28.9	
All	166,272	100.0	72,381	100.0	17,132	100.0	55,250	100.0	23.7	
Addendum										
80-90	15,414	9.3	115,967	14.9	28,064	15.2	87,903	14.8	24.2	
90-95	7,701	4.6	165,716	10.6	42,670	11.5	123,046	10.3	25.8	
95-99	6,085	3.7	289,779	14.7	80,207	17.1	209,572	13.9	27.7	
Top 1 Percent	1,466	0.9	1,533,122	18.7	540,445	27.8	992,676	15.9	35.3	
Top 0.1 Percent	148	0.1	6,917,786	8.5	2,738,235	14.2	4,179,551	6.7	39.6	

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

Number of AMT Taxpayers (millions). Baseline: 21.0

Proposal: 22.8

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would a) reinstate the 36 and 39.6 percent tax brackets with 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); b) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; c) 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; and d) limit itemized deductions and certain other tax expenditures to 28% for taxpayers in the top two brackets. For a description of TPC's current law and current policy baselines, see <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.

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(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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Tax Provisions Affecting Primarily High-Income Taxpayers
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 ¹
Detail Table - Single Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	*	0.0	0.0	0	0.0	0.0	1.4	0.0	5.7
Second Quintile	0.0	0.5	0.0	0.1	0	0.0	0.0	4.9	0.0	9.1
Middle Quintile	0.0	1.9	0.0	0.2	0	0.0	-0.1	12.0	0.0	15.9
Fourth Quintile	0.0	4.2	0.0	0.5	2	0.0	-0.1	19.7	0.0	21.6
Top Quintile	1.7	8.4	-0.5	99.3	487	1.1	0.3	61.9	0.3	30.1
All	0.2	2.1	-0.2	100.0	58	0.7	0.0	100.0	0.2	22.3
Addendum										
80-90	0.0	2.4	0.0	0.4	4	0.0	-0.1	15.3	0.0	25.3
90-95	*	3.1	0.0	0.4	8	0.0	-0.1	10.7	0.0	27.2
95-99	7.9	18.1	-0.2	11.5	303	0.5	0.0	14.7	0.2	28.5
Top 1 Percent	5.3	78.1	-1.8	87.0	11,223	2.8	0.4	21.2	1.1	39.4
Top 0.1 Percent	2.4	93.3	-2.3	45.2	63,743	2.9	0.2	10.6	1.3	45.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	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	422	1.4	7,045	6.7	5.7	
Second Quintile	19,587	24.3	19,069	11.9	1,739	4.9	17,329	13.9	9.1	
Middle Quintile	15,802	19.6	33,699	16.9	5,347	12.1	28,352	18.3	15.9	
Fourth Quintile	11,719	14.5	54,610	20.3	11,791	19.8	42,819	20.5	21.6	
Top Quintile	9,604	11.9	150,063	45.8	44,731	61.6	105,332	41.3	29.8	
All	80,622	100.0	39,043	100.0	8,649	100.0	30,394	100.0	22.2	
Addendum										
80-90	5,116	6.4	83,160	13.5	21,012	15.4	62,148	13.0	25.3	
90-95	2,332	2.9	118,552	8.8	32,182	10.8	86,370	8.2	27.2	
95-99	1,790	2.2	202,277	11.5	57,295	14.7	144,982	10.6	28.3	
Top 1 Percent	365	0.5	1,033,246	12.0	395,828	20.7	637,418	9.5	38.3	
Top 0.1 Percent	33	0.0	4,968,941	5.3	2,173,058	10.4	2,795,882	3.8	43.7	

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

* Less than 0.05

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Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 ¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.5
Second Quintile	0.0	0.6	0.0	0.0	0	0.0	0.0	1.3	0.0	10.8
Middle Quintile	0.0	3.1	0.0	0.1	1	0.0	-0.1	5.2	0.0	15.2
Fourth Quintile	0.0	5.9	0.0	0.2	4	0.0	-0.2	14.9	0.0	20.3
Top Quintile	4.5	16.1	-0.7	99.7	1,415	1.8	0.3	78.4	0.5	29.1
All	1.5	7.6	-0.5	100.0	474	1.4	0.0	100.0	0.4	25.6
Addendum										
80-90	0.3	3.4	0.0	0.2	7	0.0	-0.2	15.1	0.0	23.8
90-95	5.6	3.6	0.0	1.1	58	0.1	-0.2	12.3	0.0	25.4
95-99	13.4	43.4	-0.9	31.7	2,159	2.4	0.2	19.2	0.7	28.2
Top 1 Percent	2.2	84.0	-1.6	66.7	17,541	3.0	0.5	31.9	1.0	35.5
Top 0.1 Percent	0.8	94.3	-1.8	31.3	80,772	2.8	0.2	16.0	1.1	39.8

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by Cash Income Percentile Adjusted for Family Size, 2013 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	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	76	0.0	13,951	1.1	0.5	
Second Quintile	6,664	11.5	35,110	3.1	3,807	1.3	31,303	3.6	10.8	
Middle Quintile	11,624	20.1	58,324	8.8	8,836	5.3	49,487	10.0	15.2	
Fourth Quintile	15,415	26.7	93,246	18.7	18,901	15.1	74,345	20.0	20.3	
Top Quintile	19,298	33.4	274,004	68.9	78,290	78.1	195,714	65.8	28.6	
All	57,802	100.0	132,789	100.0	33,451	100.0	99,338	100.0	25.2	
Addendum										
80-90	9,190	15.9	135,542	16.2	32,214	15.3	103,327	16.5	23.8	
90-95	5,048	8.7	188,768	12.4	47,843	12.5	140,925	12.4	25.3	
95-99	4,018	7.0	331,401	17.4	91,295	19.0	240,105	16.8	27.6	
Top 1 Percent	1,042	1.8	1,686,659	22.9	581,963	31.4	1,104,696	20.1	34.5	
Top 0.1 Percent	106	0.2	7,429,691	10.3	2,876,495	15.8	4,553,196	8.4	38.7	

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<http://www.taxpolicycenter.org/TaxModel/income.cfm>

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(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 T12-0055
Administration's FY2013 Budget Proposals
Tax Provisions Affecting Primarily High-Income Taxpayers
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 ¹
Detail Table - Head of Household Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-4.1	0.0	-6.4
Second Quintile	0.0	0.1	0.0	0.0	0	0.0	0.0	11.9	0.0	7.9
Middle Quintile	0.0	1.2	0.0	0.4	0	0.0	-0.1	26.0	0.0	17.4
Fourth Quintile	0.0	2.5	0.0	0.9	2	0.0	-0.1	28.2	0.0	21.6
Top Quintile	1.1	8.4	-0.3	98.7	432	0.9	0.2	38.1	0.3	27.5
All	0.1	1.0	-0.1	100.0	22	0.4	0.0	100.0	0.1	15.9
Addendum										
80-90	0.0	1.7	0.0	0.8	5	0.0	-0.1	14.1	0.0	24.8
90-95	1.6	3.0	0.0	1.0	25	0.1	0.0	5.7	0.0	25.6
95-99	4.0	30.4	-0.4	27.5	819	1.2	0.1	8.0	0.3	26.0
Top 1 Percent	8.7	85.3	-1.3	69.4	11,482	2.4	0.2	10.3	0.8	36.3
Top 0.1 Percent	3.9	93.7	-1.4	29.7	55,357	2.2	0.1	4.9	0.9	40.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	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	-800	-4.1	13,327	12.9	-6.4	
Second Quintile	8,034	31.8	29,745	23.7	2,363	11.9	27,382	25.9	7.9	
Middle Quintile	4,869	19.3	49,199	23.7	8,538	26.1	40,661	23.3	17.4	
Fourth Quintile	2,769	11.0	75,439	20.7	16,283	28.3	59,156	19.3	21.6	
Top Quintile	1,263	5.0	175,207	21.9	47,814	37.8	127,393	18.9	27.3	
All	25,256	100.0	39,986	100.0	6,318	100.0	33,668	100.0	15.8	
Addendum										
80-90	814	3.2	111,657	9.0	27,641	14.1	84,016	8.0	24.8	
90-95	230	0.9	154,037	3.5	39,409	5.7	114,628	3.1	25.6	
95-99	186	0.7	266,330	4.9	68,358	8.0	197,972	4.3	25.7	
Top 1 Percent	33	0.1	1,361,869	4.5	482,655	10.1	879,214	3.5	35.4	
Top 0.1 Percent	3	0.0	6,471,563	1.9	2,575,898	4.8	3,895,665	1.4	39.8	

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) reinstate the 36 and 39.6 percent tax brackets with 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); b) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; c) 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; and d) limit itemized deductions and certain other tax expenditures to 28% for taxpayers in the top two brackets. 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 T12-0055
Administration's FY2013 Budget Proposals
Tax Provisions Affecting Primarily High-Income Taxpayers
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 ¹
Detail Table - Tax Units with Children

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-1.0	0.0	-8.2
Second Quintile	0.0	0.3	0.0	0.0	0	0.0	0.0	2.9	0.0	9.0
Middle Quintile	0.0	2.3	0.0	0.1	1	0.0	-0.1	9.8	0.0	18.1
Fourth Quintile	0.0	3.0	0.0	0.2	3	0.0	-0.3	20.3	0.0	22.6
Top Quintile	2.9	19.2	-0.8	99.8	1,751	2.0	0.4	67.8	0.6	30.4
All	0.5	4.4	-0.4	100.0	297	1.3	0.0	100.0	0.3	24.4
Addendum										
80-90	0.6	1.5	0.0	0.2	5	0.0	-0.2	15.5	0.0	25.5
90-95	7.9	4.4	-0.1	1.9	143	0.2	-0.1	10.5	0.1	26.8
95-99	3.7	68.7	-1.4	43.0	3,964	3.5	0.4	16.6	1.0	29.9
Top 1 Percent	1.5	93.5	-1.7	54.7	20,967	2.9	0.4	25.1	1.1	37.4
Top 0.1 Percent	0.5	98.1	-1.7	22.6	94,140	2.6	0.1	11.8	1.0	40.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	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	-1,100	-1.0	14,455	4.2	-8.2	
Second Quintile	10,789	21.8	33,957	8.0	3,051	3.0	30,906	9.6	9.0	
Middle Quintile	10,009	20.3	60,740	13.2	11,002	10.0	49,738	14.3	18.1	
Fourth Quintile	9,950	20.1	101,182	21.9	22,873	20.6	78,309	22.3	22.6	
Top Quintile	8,349	16.9	298,935	54.3	89,140	67.3	209,795	50.2	29.8	
All	49,418	100.0	93,026	100.0	22,366	100.0	70,660	100.0	24.0	
Addendum										
80-90	4,396	8.9	154,877	14.8	39,511	15.7	115,366	14.5	25.5	
90-95	1,981	4.0	221,864	9.6	59,219	10.6	162,645	9.2	26.7	
95-99	1,589	3.2	392,402	13.6	113,150	16.3	279,251	12.7	28.8	
Top 1 Percent	382	0.8	1,966,324	16.4	715,064	24.7	1,251,261	13.7	36.4	
Top 0.1 Percent	35	0.1	9,174,185	7.0	3,650,686	11.6	5,523,500	5.6	39.8	

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 law. Proposal would a) reinstate the 36 and 39.6 percent tax brackets with 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); b) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; c) 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; and d) limit itemized deductions and certain other tax expenditures to 28% for taxpayers in the top two brackets. 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 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 T12-0055
Administration's FY2013 Budget Proposals
Tax Provisions Affecting Primarily High-Income Taxpayers
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 ¹
Detail Table - Elderly Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	0.8
Second Quintile	0.0	0.2	0.0	0.0	0	0.0	0.0	0.6	0.0	1.8
Middle Quintile	0.0	3.7	0.0	0.1	1	0.0	-0.1	3.7	0.0	6.0
Fourth Quintile	0.0	12.2	0.0	0.6	7	0.1	-0.2	10.8	0.0	13.0
Top Quintile	5.0	15.4	-0.7	99.3	1,133	1.8	0.2	84.7	0.5	28.3
All	0.9	5.9	-0.4	100.0	213	1.5	0.0	100.0	0.3	20.4
Addendum										
80-90	0.1	8.4	0.0	0.5	13	0.1	-0.2	11.7	0.0	18.8
90-95	3.0	5.9	0.0	0.4	18	0.1	-0.2	11.1	0.0	22.2
95-99	16.9	24.1	-0.3	11.1	559	0.8	-0.1	20.4	0.2	26.5
Top 1 Percent	5.3	74.4	-1.8	87.4	16,109	3.2	0.7	41.6	1.2	37.8
Top 0.1 Percent	1.9	92.9	-2.5	50.1	90,187	3.5	0.4	21.8	1.4	42.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	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	75	0.1	9,456	2.7	0.8	
Second Quintile	9,396	25.4	20,198	7.2	366	0.7	19,832	8.9	1.8	
Middle Quintile	8,334	22.5	40,053	12.7	2,383	3.8	37,669	14.9	6.0	
Fourth Quintile	6,402	17.3	69,759	17.0	9,043	10.9	60,716	18.5	13.0	
Top Quintile	6,913	18.7	232,751	61.1	64,792	84.5	167,959	55.2	27.8	
All	37,068	100.0	71,055	100.0	14,298	100.0	56,758	100.0	20.1	
Addendum										
80-90	3,175	8.6	105,683	12.7	19,837	11.9	85,846	13.0	18.8	
90-95	1,753	4.7	152,604	10.2	33,883	11.2	118,720	9.9	22.2	
95-99	1,557	4.2	266,474	15.8	69,963	20.6	196,511	14.5	26.3	
Top 1 Percent	427	1.2	1,382,440	22.4	506,637	40.9	875,802	17.8	36.7	
Top 0.1 Percent	44	0.1	6,274,992	10.4	2,589,044	21.4	3,685,948	7.7	41.3	

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 law. Proposal would a) reinstate the 36 and 39.6 percent tax brackets with 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); b) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; c) 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; and d) limit itemized deductions and certain other tax expenditures to 28% for taxpayers in the top two brackets. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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