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Table T12-0065
Administration's FY2013 Budget Proposals
Limit Itemized Deductions to 28 Percent
Baseline: Current Policy
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	0.0	0	0.0	0.0	0	0.0	1.8
Second Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	8.2
Middle Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	15.2
Fourth Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	18.8
Top Quintile	0.0	0	13.3	7,222	-0.5	100.0	964	0.4	26.2
All	0.0	0	1.9	7,223	-0.2	100.0	139	0.2	20.9
Addendum									
80-90	0.0	0	0.1	1,736	0.0	0.1	2	0.0	21.5
90-95	0.0	0	0.9	1,776	0.0	0.4	16	0.0	22.9
95-99	0.0	0	45.6	4,438	-0.8	42.0	2,024	0.6	25.6
Top 1 Percent	0.0	0	78.4	14,034	-0.9	57.5	11,002	0.6	32.2
Top 0.1 Percent	0.0	0	78.2	65,801	-1.0	27.6	51,486	0.7	35.9

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

Number of AMT Taxpayers (millions). Baseline: 4.5

Proposal: 5.3

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current policy. Proposal would limit the value of certain tax expenditures for high income taxpayers to 28 percent and apply a similar limitation to the alternative minimum tax. The limitation would apply to all itemized deductions, tax-exempt interest, employer-sponsored health insurance (ESI), employee retirement contributions, and select above-the-line deductions. High income taxpayers are defined as those with taxable income above \$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). Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. 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.

Table T12-0065
Administration's FY2013 Budget Proposals
Limit Itemized Deductions to 28 Percent
Baseline: Current Policy
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	0.0	0.0	0.0	0	0.0	0.0	0.3	0.0	1.8
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.4	0.0	8.2
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	10.0	0.0	15.2
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.2	17.7	0.0	18.8
Top Quintile	0.0	13.3	-0.5	100.0	964	1.4	0.3	68.4	0.4	26.2
All	0.0	1.9	-0.2	100.0	139	0.9	0.0	100.0	0.2	20.9
Addendum										
80-90	0.0	0.1	0.0	0.1	2	0.0	-0.1	14.1	0.0	21.5
90-95	0.0	0.9	0.0	0.4	16	0.0	-0.1	10.4	0.0	22.9
95-99	0.0	45.6	-0.8	42.0	2,024	2.4	0.2	16.5	0.6	25.6
Top 1 Percent	0.0	78.4	-0.9	57.5	11,002	2.0	0.3	27.4	0.6	32.2
Top 0.1 Percent	0.0	78.2	-1.0	27.6	51,486	1.9	0.1	14.0	0.7	35.9

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	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	
Addendum										
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: 5.3

* Less than 0.05

(1) Calendar year. Baseline is current policy. Proposal would limit the value of certain tax expenditures for high income taxpayers to 28 percent and apply a similar limitation to the alternative minimum tax. The limitation would apply to all itemized deductions, tax-exempt interest, employer-sponsored health insurance (ESI), employee retirement contributions, and select above-the-line deductions. High income taxpayers are defined as those with taxable income above \$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). Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. For a description of TPC's current law and current policy baselines, see

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Table T12-0065
Administration's FY2013 Budget Proposals
Limit Itemized Deductions to 28 Percent
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013¹
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	0.0	-0.3	0.0	-2.5
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.2	0.0	6.4
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	8.0	0.0	13.7
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.2	16.9	0.0	18.3
Top Quintile	0.0	10.5	-0.4	100.0	756	1.3	0.3	73.1	0.3	26.0
All	0.0	1.9	-0.2	100.0	139	0.9	0.0	100.0	0.2	20.9
Addendum										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	15.3	0.0	21.5
90-95	0.0	0.9	0.0	1.1	33	0.1	-0.1	11.7	0.0	23.0
95-99	0.0	33.7	-0.7	39.8	1,516	2.1	0.2	17.7	0.5	25.3
Top 1 Percent	0.0	74.8	-0.9	59.1	9,345	2.0	0.3	28.4	0.6	31.8
Top 0.1 Percent	0.0	77.4	-1.0	28.9	45,261	1.9	0.1	14.6	0.7	35.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013¹

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	-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	
Addendum										
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: 5.3

* Less than 0.05

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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 T12-0065
Administration's FY2013 Budget Proposals
Limit Itemized Deductions to 28 Percent
Baseline: Current Policy
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	0.0	1.2	0.0	4.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	4.8	0.0	8.0
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	12.4	0.0	14.5
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	20.6	0.0	20.1
Top Quintile	0.0	5.5	-0.3	100.0	296	0.8	0.2	60.9	0.2	26.5
All	0.0	0.7	-0.1	100.0	35	0.5	0.0	100.0	0.1	19.9
Addendum										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	15.7	0.0	23.0
90-95	0.0	0.0	0.0	0.0	0	0.0	-0.1	10.8	0.0	24.4
95-99	0.0	15.4	-0.2	21.9	347	0.7	0.0	14.4	0.2	24.8
Top 1 Percent	0.0	67.7	-0.9	78.1	6,075	1.8	0.3	20.1	0.6	33.4
Top 0.1 Percent	0.0	73.5	-1.1	40.8	34,668	1.8	0.1	10.3	0.7	39.1

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	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	
Addendum										
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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(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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Limit Itemized Deductions to 28 Percent
Baseline: Current Policy
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	-0.2	0.0	-5.9
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.8	0.0	6.1
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	5.0	0.0	12.5
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.2	14.6	0.0	17.4
Top Quintile	0.0	13.0	-0.5	100.0	1,002	1.4	0.2	79.7	0.4	25.8
All	0.0	4.4	-0.3	100.0	335	1.1	0.0	100.0	0.3	22.3
Addendum										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.2	15.2	0.0	20.9
90-95	0.0	1.2	0.0	1.2	48	0.1	-0.1	12.6	0.0	22.6
95-99	0.0	41.3	-0.8	43.0	2,067	2.5	0.3	19.8	0.6	25.5
Top 1 Percent	0.0	76.9	-0.9	55.8	10,356	2.0	0.3	32.2	0.6	31.4
Top 0.1 Percent	0.0	78.7	-1.0	26.3	47,897	1.9	0.1	16.2	0.6	35.1

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	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	
All	57,802	100.0	132,789	100.0	29,321	100.0	103,468	100.0	22.1	
Addendum										
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).

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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 T12-0065
Administration's FY2013 Budget Proposals
Limit Itemized Deductions to 28 Percent
Baseline: Current Policy
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	-10.0	0.0	-12.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	7.1	0.0	3.7
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	27.3	0.0	14.4
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	31.4	0.0	19.0
Top Quintile	0.0	6.7	-0.2	100.0	320	0.7	0.2	44.1	0.2	25.2
All	0.0	0.3	-0.1	100.0	16	0.3	0.0	100.0	0.0	12.5
Addendum										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	16.4	0.0	22.8
90-95	0.0	0.3	0.0	0.8	13	0.0	0.0	6.6	0.0	23.5
95-99	0.0	30.5	-0.4	40.3	877	1.4	0.1	9.5	0.3	24.1
Top 1 Percent	0.0	82.6	-0.8	58.9	7,121	1.6	0.2	11.7	0.5	32.3
Top 0.1 Percent	0.0	76.8	-0.9	25.9	35,190	1.5	0.1	5.5	0.5	36.2

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	-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	
Addendum										
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 limit the value of certain tax expenditures for high income taxpayers to 28 percent and apply a similar limitation to the alternative minimum tax. The limitation would apply to all itemized deductions, tax-exempt interest, employer-sponsored health insurance (ESI), employee retirement contributions, and select above-the-line deductions. High income taxpayers are defined as those with taxable income above \$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). Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. 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 T12-0065
Administration's FY2013 Budget Proposals
Limit Itemized Deductions to 28 Percent
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013¹
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	-2.3	0.0	-15.8
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.4	0.0	3.5
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	9.4	0.0	14.7
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.2	20.1	0.0	18.9
Top Quintile	0.0	17.6	-0.6	100.0	1,306	1.6	0.3	71.2	0.4	27.0
All	0.0	3.0	-0.3	100.0	221	1.2	0.0	100.0	0.2	20.6
Addendum										
80-90	0.0	*	0.0	0.0	0	0.0	-0.2	16.1	0.0	22.3
90-95	0.0	3.2	-0.1	2.3	128	0.2	-0.1	11.0	0.1	23.8
95-99	0.0	67.4	-1.3	52.8	3,620	3.5	0.4	17.9	0.9	27.3
Top 1 Percent	0.0	87.5	-1.0	44.9	12,798	2.0	0.2	26.2	0.7	33.0
Top 0.1 Percent	0.0	84.4	-1.0	19.3	59,764	1.8	0.1	12.3	0.7	36.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013¹

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	-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	
Addendum										
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 limit the value of certain tax expenditures for high income taxpayers to 28 percent and apply a similar limitation to the alternative minimum tax. The limitation would apply to all itemized deductions, tax-exempt interest, employer-sponsored health insurance (ESI), employee retirement contributions, and select above-the-line deductions. High income taxpayers are defined as those with taxable income above \$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). Estimates assume that taxpayers would adjust their investment portfolio and pay down their mortgage balance if their tax benefit from mortgage interest was reduced. 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 T12-0065
Administration's FY2013 Budget Proposals
Limit Itemized Deductions to 28 Percent
Baseline: Current Policy
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	0.7
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.7	0.0	1.6
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.6	0.0	5.0
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	10.8	0.0	11.1
Top Quintile	0.0	8.2	-0.4	100.0	655	1.2	0.2	84.7	0.3	24.0
All	0.0	1.5	-0.2	100.0	122	1.0	0.0	100.0	0.2	17.3
Addendum										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	11.5	0.0	15.7
90-95	0.0	0.2	0.0	0.1	2	0.0	-0.1	11.0	0.0	18.7
95-99	0.0	19.1	-0.3	20.0	581	1.0	0.0	20.3	0.2	22.3
Top 1 Percent	0.0	61.9	-0.9	79.9	8,468	1.9	0.4	41.9	0.6	32.3
Top 0.1 Percent	0.0	70.6	-1.1	44.1	45,565	2.0	0.2	22.3	0.7	37.0

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	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	
Addendum										
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.

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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.