

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

**Table T12-0081**  
**Eliminate all Individual Income Tax Expenditures Except Preferential Rates on Capital Gains and Dividends**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**  
**Summary Table**

| Cash Income Percentile <sup>2,3</sup> | Tax Units          |                  | 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> |                    |
|---------------------------------------|--------------------|------------------|---|-----------------------------------|---------------------------------|---------------------------------------|--------------------|
|                                       | Number (thousands) | Percent of Total |   |                                   |                                 | Change (% Points)                     | Under the Proposal |
| <b>Lowest Quintile</b>                | 43,661             | 26.6             | -7.5  | 3.2                               | 681                             | 7.4                                   | 8.3                |
| <b>Second Quintile</b>                | 36,819             | 22.5             | -9.6  | 8.7                               | 2,231                           | 9.1                                   | 14.8               |
| <b>Middle Quintile</b>                | 32,344             | 19.7             | -7.8  | 10.5                              | 3,048                           | 6.8                                   | 19.4               |
| <b>Fourth Quintile</b>                | 26,761             | 16.3             | -7.9  | 14.9                              | 5,231                           | 6.6                                   | 23.1               |
| <b>Top Quintile</b>                   | 23,243             | 14.2             | -13.1   | 62.7                              | 25,415                          | 10.1                                  | 33.2               |
| <b>All</b>                            | 163,869            | 100.0            | -10.7   | 100.0                             | 5,746                           | 8.8                                   | 26.9               |
| <b>Addendum</b>                       |                    |                  |   |                                   |                                 |                                       |                    |
| <b>80-90</b>                          | 11,775             | 7.2              | -11.4   | 15.0                              | 12,004                          | 9.2                                   | 28.4               |
| <b>90-95</b>                          | 5,676              | 3.5              | -13.6   | 11.9                              | 19,766                          | 10.8                                  | 31.8               |
| <b>95-99</b>                          | 4,619              | 2.8              | -13.6   | 16.5                              | 33,612                          | 10.5                                  | 33.5               |
| <b>Top 1 Percent</b>                  | 1,173              | 0.7              | -14.0   | 19.3                              | 155,065                         | 10.1                                  | 37.8               |
| <b>Top 0.1 Percent</b>                | 120                | 0.1              | -15.7   | 9.5                               | 742,684                         | 10.8                                  | 41.6               |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

Number of AMT Taxpayers (millions). Baseline: 4.3

Proposal: 0.0

(1) Calendar year. Baseline is current law. Proposal repeals all individual income tax expenditures except preferential rates on capital gains and qualified dividends, including all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor, casualty and theft loss, and investment interest expense, which are converted to above-the-line deductions for current law itemizers; all current law above-the-line deductions except those for the self-employment tax, moving expenses, alimony paid; and all tax credits except the foreign tax credit. Additionally, the proposal repeals the exclusion of net imputed rental income; repeals the exemption on all municipal bond interest; includes 85% of Social Security benefits in taxable income; repeals the exclusion of workers' compensation benefits, taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; taxes accruals in defined benefit pension plans and defined contribution plans; taxes unrealized capital gains at death; repeals the exclusion of capital gains on the sale of a primary residence; and repeals other exclusions and miscellaneous tax expenditures. 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% \$16,812; 40% \$33,542; 60% \$59,486; 80% \$103,465; 90% \$163,173; 95% \$210,998; 99% \$532,613; 99.9% \$2,178,886.

(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 T12-0081**  
**Eliminate all Individual Income Tax Expenditures**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**  
**Detail Table**

| Cash Income Percentile <sup>2,3</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> |                    |  |
|---------------------------------------|---|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|--|
|                                       |   |                                   | Dollars                    | Percent | Change (%) Points)     | Under the Proposal | Change (%) Points)                    | Under the Proposal |  |
| Lowest Quintile                       | -7.5  | 3.2                               | 681                        | 890.1   | 1.0                    | 1.2                | 7.4                                   | 8.3                |  |
| Second Quintile                       | -9.6  | 8.7                               | 2,231                      | 157.1   | 2.0                    | 4.7                | 9.1                                   | 14.8               |  |
| Middle Quintile                       | -7.8  | 10.5                              | 3,048                      | 54.5    | 0.4                    | 9.7                | 6.8                                   | 19.4               |  |
| Fourth Quintile                       | -7.9  | 14.9                              | 5,231                      | 39.7    | -1.1                   | 17.1               | 6.6                                   | 23.1               |  |
| Top Quintile                          | -13.1   | 62.7                              | 25,415                     | 43.8    | -2.2                   | 67.3               | 10.1                                  | 33.2               |  |
| All                                   | -10.7   | 100.0                             | 5,746                      | 48.5    | 0.0                    | 100.0              | 8.8                                   | 26.9               |  |
| <b>Addendum</b>                       |   |                                   |                            |         |                        |                    |                                       |                    |  |
| 80-90                                 | -11.4   | 15.0                              | 12,004                     | 48.1    | 0.0                    | 15.1               | 9.2                                   | 28.4               |  |
| 90-95                                 | -13.6   | 11.9                              | 19,766                     | 51.1    | 0.2                    | 11.5               | 10.8                                  | 31.8               |  |
| 95-99                                 | -13.6   | 16.5                              | 33,612                     | 45.7    | -0.3                   | 17.2               | 10.5                                  | 33.5               |  |
| Top 1 Percent                         | -14.0   | 19.3                              | 155,065                    | 36.7    | -2.0                   | 23.5               | 10.1                                  | 37.8               |  |
| Top 0.1 Percent                       | -15.7   | 9.5                               | 742,684                    | 35.1    | -1.2                   | 11.9               | 10.8                                  | 41.6               |  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<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                       | 43,661                 | 26.6             | 9,187             | 3.8              | 77                 | 0.2              | 9,111                         | 4.5              | 0.8                                   |
| Second Quintile                       | 36,819                 | 22.5             | 24,603            | 8.5              | 1,420              | 2.7              | 23,183                        | 9.7              | 5.8                                   |
| Middle Quintile                       | 32,344                 | 19.7             | 44,639            | 13.5             | 5,592              | 9.3              | 39,047                        | 14.4             | 12.5                                  |
| Fourth Quintile                       | 26,761                 | 16.3             | 79,524            | 19.9             | 13,168             | 18.2             | 66,356                        | 20.3             | 16.6                                  |
| Top Quintile                          | 23,243                 | 14.2             | 251,746           | 54.6             | 58,040             | 69.5             | 193,707                       | 51.3             | 23.1                                  |
| All                                   | 163,869                | 100.0            | 65,357            | 100.0            | 11,841             | 100.0            | 53,516                        | 100.0            | 18.1                                  |
| <b>Addendum</b>                       |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| 80-90                                 | 11,775                 | 7.2              | 130,276           | 14.3             | 24,948             | 15.1             | 105,329                       | 14.1             | 19.2                                  |
| 90-95                                 | 5,676                  | 3.5              | 183,757           | 9.7              | 38,713             | 11.3             | 145,044                       | 9.4              | 21.1                                  |
| 95-99                                 | 4,619                  | 2.8              | 320,086           | 13.8             | 73,520             | 17.5             | 246,566                       | 13.0             | 23.0                                  |
| Top 1 Percent                         | 1,173                  | 0.7              | 1,530,773         | 16.8             | 422,727            | 25.6             | 1,108,046                     | 14.8             | 27.6                                  |
| Top 0.1 Percent                       | 120                    | 0.1              | 6,859,873         | 7.7              | 2,113,515          | 13.1             | 4,746,357                     | 6.5              | 30.8                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

Number of AMT Taxpayers (millions). Baseline: 4.3 Proposal: 0.0

(1) Calendar year. Baseline is current law. Proposal repeals all individual income tax expenditures except preferential rates on capital gains and qualified dividends, including all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor, casualty and theft loss, and investment interest expense, which are converted to above-the-line deductions for current law itemizers; all current law above-the-line deductions except those for the self-employment tax, moving expenses, alimony paid; and all tax credits except the foreign tax credit. Additionally, the proposal repeals the exclusion of net imputed rental income; repeals the exemption on all municipal bond interest; includes 85% of Social Security benefits in taxable income; repeals the exclusion of workers' compensation benefits, taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; taxes accruals in defined benefit pension plans and defined contribution plans; taxes unrealized capital gains at death; repeals the exclusion of capital gains on the sale of a primary residence; and repeals other exclusions and miscellaneous tax expenditures. 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% \$16,812; 40% \$33,542; 60% \$59,486; 80% \$103,465; 90% \$163,173; 95% \$210,998; 99% \$532,613; 99.9% \$2,178,886.

(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 T12-0081**  
**Eliminate all Individual Income Tax Expenditures**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table**

| Cash Income Percentile <sup>2,3</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> |                    |  |
|---------------------------------------|---|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|--|
|                                       |   |                                   | Dollars                    | Percent | Change (%) Points      | Under the Proposal | Change (%) Points                     | Under the Proposal |  |
| <b>Lowest Quintile</b>                | -12.6   | 4.3                               | 1,108                      | -352.4  | 1.6                    | 1.0                | 13.0                                  | 9.3                |  |
| <b>Second Quintile</b>                | -10.0   | 7.7                               | 2,119                      | 266.0   | 2.1                    | 3.5                | 9.6                                   | 13.3               |  |
| <b>Middle Quintile</b>                | -7.5  | 9.3                               | 2,649                      | 59.1    | 0.5                    | 8.1                | 6.7                                   | 18.0               |  |
| <b>Fourth Quintile</b>                | -8.2  | 15.3                              | 4,755                      | 43.2    | -0.6                   | 16.6               | 6.9                                   | 22.9               |  |
| <b>Top Quintile</b>                   | -12.3   | 63.4                              | 20,400                     | 41.5    | -3.5                   | 70.7               | 9.5                                   | 32.5               |  |
| <b>All</b>                            | -10.7   | 100.0                             | 5,746                      | 48.5    | 0.0                    | 100.0              | 8.8                                   | 26.9               |  |
| <b>Addendum</b>                       |   |                                   |                            |         |                        |                    |                                       |                    |  |
| <b>80-90</b>                          | -10.6   | 14.7                              | 9,381                      | 44.0    | -0.5                   | 15.7               | 8.5                                   | 27.9               |  |
| <b>90-95</b>                          | -12.1   | 11.9                              | 15,368                     | 46.1    | -0.2                   | 12.3               | 9.6                                   | 30.4               |  |
| <b>95-99</b>                          | -12.9   | 16.9                              | 27,356                     | 43.7    | -0.6                   | 18.2               | 10.0                                  | 32.8               |  |
| <b>Top 1 Percent</b>                  | -13.7   | 19.9                              | 131,034                    | 36.2    | -2.2                   | 24.5               | 9.9                                   | 37.4               |  |
| <b>Top 0.1 Percent</b>                | -15.4   | 9.8                               | 641,669                    | 35.2    | -1.2                   | 12.3               | 10.7                                  | 41.2               |  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<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 |                                       |
| <b>Lowest Quintile</b>                | 36,119                 | 22.0             | 8,514             | 2.9              | -314               | -0.6             | 8,828                         | 3.6              | -3.7                                  |
| <b>Second Quintile</b>                | 34,184                 | 20.9             | 21,971            | 7.0              | 797                | 1.4              | 21,175                        | 8.3              | 3.6                                   |
| <b>Middle Quintile</b>                | 32,894                 | 20.1             | 39,696            | 12.2             | 4,480              | 7.6              | 35,217                        | 13.2             | 11.3                                  |
| <b>Fourth Quintile</b>                | 30,355                 | 18.5             | 68,751            | 19.5             | 11,003             | 17.2             | 57,747                        | 20.0             | 16.0                                  |
| <b>Top Quintile</b>                   | 29,277                 | 17.9             | 214,472           | 58.6             | 49,208             | 74.3             | 165,264                       | 55.2             | 22.9                                  |
| <b>All</b>                            | 163,869                | 100.0            | 65,357            | 100.0            | 11,841             | 100.0            | 53,516                        | 100.0            | 18.1                                  |
| <b>Addendum</b>                       |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| <b>80-90</b>                          | 14,737                 | 9.0              | 109,930           | 15.1             | 21,318             | 16.2             | 88,613                        | 14.9             | 19.4                                  |
| <b>90-95</b>                          | 7,285                  | 4.5              | 160,327           | 10.9             | 33,327             | 12.5             | 127,000                       | 10.6             | 20.8                                  |
| <b>95-99</b>                          | 5,822                  | 3.6              | 274,602           | 14.9             | 62,661             | 18.8             | 211,941                       | 14.1             | 22.8                                  |
| <b>Top 1 Percent</b>                  | 1,433                  | 0.9              | 1,320,449         | 17.7             | 362,090            | 26.7             | 958,359                       | 15.7             | 27.4                                  |
| <b>Top 0.1 Percent</b>                | 144                    | 0.1              | 5,985,092         | 8.0              | 1,824,784          | 13.5             | 4,160,308                     | 6.8              | 30.5                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

Number of AMT Taxpayers (millions). Baseline: 4.3 Proposal: 0.0

(1) Calendar year. Baseline is current law. Proposal repeals all individual income tax expenditures except preferential rates on capital gains and qualified dividends, including all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor, casualty and theft loss, and investment interest expense, which are converted to above-the-line deductions for current law itemizers; all current law above-the-line deductions except those for the self-employment tax, moving expenses, alimony paid; and all tax credits except the foreign tax credit. Additionally, the proposal repeals the exclusion of net imputed rental income; repeals the exemption on all municipal bond interest; includes 85% of Social Security benefits in taxable income; repeals the exclusion of workers' compensation benefits, taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; taxes accruals in defined benefit pension plans and defined contribution plans; taxes unrealized capital gains at death; repeals the exclusion of capital gains on the sale of a primary residence; and repeals other exclusions and miscellaneous tax expenditures. 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% \$11,688; 40% \$22,351; 60% \$38,055; 80% \$65,353; 90% \$95,935; 95% \$134,201; 99% \$335,779; 99.9% \$1,350,445.

(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 T12-0081**  
**Eliminate all Individual Income Tax Expenditures**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table - Single Tax Units**

| Cash Income Percentile <sup>2,3</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> |                    |  |
|---------------------------------------|---|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|--|
|                                       |   |                                   | Dollars                    | Percent | Change (%) Points      | Under the Proposal | Change (%) Points                     | Under the Proposal |  |
| Lowest Quintile                       | -4.3  | 4.3                               | 284                        | 123.5   | 0.8                    | 1.9                | 4.2                                   | 7.5                |  |
| Second Quintile                       | -4.4  | 8.8                               | 706                        | 66.0    | 1.1                    | 5.5                | 4.1                                   | 10.4               |  |
| Middle Quintile                       | -5.3  | 14.2                              | 1,390                      | 37.4    | 0.4                    | 12.9               | 4.6                                   | 17.0               |  |
| Fourth Quintile                       | -6.2  | 18.7                              | 2,475                      | 29.0    | -0.6                   | 20.6               | 5.1                                   | 22.8               |  |
| Top Quintile                          | -9.1  | 54.0                              | 9,506                      | 29.4    | -1.6                   | 59.0               | 6.9                                   | 30.5               |  |
| All                                   | -6.8  | 100.0                             | 1,944                      | 33.0    | 0.0                    | 100.0              | 5.7                                   | 22.9               |  |
| <b>Addendum</b>                       |   |                                   |                            |         |                        |                    |                                       |                    |  |
| 80-90                                 | -7.1  | 14.5                              | 4,344                      | 26.8    | -0.8                   | 17.0               | 5.6                                   | 26.5               |  |
| 90-95                                 | -8.3  | 7.4                               | 7,165                      | 30.1    | -0.2                   | 7.9                | 6.5                                   | 28.2               |  |
| 95-99                                 | -9.2  | 14.1                              | 13,215                     | 31.6    | -0.2                   | 14.6               | 7.1                                   | 29.7               |  |
| Top 1 Percent                         | -12.0   | 18.0                              | 73,369                     | 29.8    | -0.5                   | 19.5               | 8.6                                   | 37.3               |  |
| Top 0.1 Percent                       | -15.3   | 9.0                               | 424,638                    | 30.2    | -0.2                   | 9.6                | 10.1                                  | 43.7               |  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<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                       | 23,744                 | 29.6             | 6,815             | 5.9              | 230                | 1.2              | 6,585                         | 6.9              | 3.4                                   |
| Second Quintile                       | 19,342                 | 24.1             | 17,082            | 12.0             | 1,070              | 4.4              | 16,012                        | 13.6             | 6.3                                   |
| Middle Quintile                       | 15,928                 | 19.9             | 30,098            | 17.4             | 3,715              | 12.5             | 26,383                        | 18.4             | 12.3                                  |
| Fourth Quintile                       | 11,766                 | 14.7             | 48,403            | 20.7             | 8,536              | 21.2             | 39,867                        | 20.6             | 17.6                                  |
| Top Quintile                          | 8,867                  | 11.1             | 137,269           | 44.2             | 32,330             | 60.6             | 104,939                       | 40.8             | 23.6                                  |
| All                                   | 80,235                 | 100.0            | 34,300            | 100.0            | 5,895              | 100.0            | 28,405                        | 100.0            | 17.2                                  |
| <b>Addendum</b>                       |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| 80-90                                 | 5,214                  | 6.5              | 77,390            | 14.7             | 16,196             | 17.9             | 61,193                        | 14.0             | 20.9                                  |
| 90-95                                 | 1,603                  | 2.0              | 109,752           | 6.4              | 23,782             | 8.1              | 85,971                        | 6.0              | 21.7                                  |
| 95-99                                 | 1,667                  | 2.1              | 185,341           | 11.2             | 41,793             | 14.7             | 143,548                       | 10.5             | 22.6                                  |
| Top 1 Percent                         | 383                    | 0.5              | 857,687           | 12.0             | 246,343            | 20.0             | 611,344                       | 10.3             | 28.7                                  |
| Top 0.1 Percent                       | 33                     | 0.0              | 4,190,532         | 5.0              | 1,407,003          | 9.8              | 2,783,529                     | 4.0              | 33.6                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

(1) Calendar year. Baseline is current law. Proposal repeals all individual income tax expenditures except preferential rates on capital gains and qualified dividends, including all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor, casualty and theft loss, and investment interest expense, which are converted to above-the-line deductions for current law itemizers; all current law above-the-line deductions except those for the self-employment tax, moving expenses, alimony paid; and all tax credits except the foreign tax credit. Additionally, the proposal repeals the exclusion of net imputed rental income; repeals the exemption on all municipal bond interest; includes 85% of Social Security benefits in taxable income; repeals the exclusion of workers' compensation benefits, taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; taxes accruals in defined benefit pension plans and defined contribution plans; taxes unrealized capital gains at death; repeals the exclusion of capital gains on the sale of a primary residence; and repeals other exclusions and miscellaneous tax expenditures.

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% \$11,688; 40% \$22,351; 60% \$38,055; 80% \$65,353; 90% \$95,935; 95% \$134,201; 99% \$335,779; 99.9% \$1,350,445.

(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 T12-0081**  
**Eliminate all Individual Income Tax Expenditures**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

| Cash Income Percentile <sup>2,3</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> |                    |
|---------------------------------------|---|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|
|                                       |   |                                   | Dollars                    | Percent | Change (%) Points      | Under the Proposal | Change (%) Points                     | Under the Proposal |
| Lowest Quintile                       | -19.4   | 1.7                               | 2,667                      | -259.4  | 0.7                    | 0.3                | 21.0                                  | 12.9               |
| Second Quintile                       | -12.6   | 3.7                               | 3,780                      | 405.9   | 1.1                    | 1.5                | 12.2                                  | 15.2               |
| Middle Quintile                       | -8.7  | 6.8                               | 4,081                      | 77.0    | 0.8                    | 5.2                | 7.8                                   | 18.0               |
| Fourth Quintile                       | -9.0  | 14.8                              | 6,436                      | 50.2    | 0.0                    | 14.7               | 7.6                                   | 22.7               |
| Top Quintile                          | -13.3   | 73.0                              | 25,941                     | 45.1    | -2.5                   | 78.1               | 10.3                                  | 33.0               |
| All                                   | -12.1   | 100.0                             | 11,855                     | 49.8    | 0.0                    | 100.0              | 9.7                                   | 29.2               |
| <b>Addendum</b>                       |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                                 | -11.9   | 16.3                              | 12,740                     | 51.7    | 0.2                    | 15.9               | 9.7                                   | 28.5               |
| 90-95                                 | -12.9   | 14.5                              | 18,045                     | 49.7    | 0.0                    | 14.5               | 10.2                                  | 30.8               |
| 95-99                                 | -14.0   | 19.8                              | 33,883                     | 47.0    | -0.4                   | 20.6               | 10.8                                  | 33.7               |
| Top 1 Percent                         | -14.1   | 22.4                              | 151,729                    | 38.0    | -2.3                   | 27.1               | 10.3                                  | 37.3               |
| Top 0.1 Percent                       | -15.5   | 10.7                              | 700,046                    | 36.4    | -1.3                   | 13.3               | 10.9                                  | 40.7               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<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                       | 4,201                  | 7.4              | 12,701            | 0.8              | -1,028             | -0.3             | 13,729                        | 1.0              | -8.1                                  |
| Second Quintile                       | 6,521                  | 11.5             | 30,924            | 2.9              | 931                | 0.5              | 29,993                        | 3.5              | 3.0                                   |
| Middle Quintile                       | 11,254                 | 19.9             | 52,021            | 8.5              | 5,304              | 4.4              | 46,717                        | 9.4              | 10.2                                  |
| Fourth Quintile                       | 15,448                 | 27.3             | 84,707            | 18.9             | 12,828             | 14.7             | 71,878                        | 20.0             | 15.1                                  |
| Top Quintile                          | 18,895                 | 33.4             | 252,901           | 69.1             | 57,515             | 80.6             | 195,386                       | 66.3             | 22.7                                  |
| All                                   | 56,662                 | 100.0            | 122,041           | 100.0            | 23,791             | 100.0            | 98,250                        | 100.0            | 19.5                                  |
| <b>Addendum</b>                       |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| 80-90                                 | 8,587                  | 15.2             | 131,394           | 16.3             | 24,661             | 15.7             | 106,733                       | 16.5             | 18.8                                  |
| 90-95                                 | 5,392                  | 9.5              | 176,360           | 13.8             | 36,340             | 14.5             | 140,020                       | 13.6             | 20.6                                  |
| 95-99                                 | 3,925                  | 6.9              | 314,670           | 17.9             | 72,065             | 21.0             | 242,605                       | 17.1             | 22.9                                  |
| Top 1 Percent                         | 992                    | 1.8              | 1,476,527         | 21.2             | 399,481            | 29.4             | 1,077,046                     | 19.2             | 27.1                                  |
| Top 0.1 Percent                       | 102                    | 0.2              | 6,440,391         | 9.5              | 1,921,824          | 14.6             | 4,518,568                     | 8.3              | 29.8                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

(1) Calendar year. Baseline is current law. Proposal repeals all individual income tax expenditures except preferential rates on capital gains and qualified dividends, including all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor, casualty and theft loss, and investment interest expense, which are converted to above-the-line deductions for current law itemizers; all current law above-the-line deductions except those for the self-employment tax, moving expenses, alimony paid; and all tax credits except the foreign tax credit. Additionally, the proposal repeals the exclusion of net imputed rental income; repeals the exemption on all municipal bond interest; includes 85% of Social Security benefits in taxable income; repeals the exclusion of workers' compensation benefits, taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; taxes accruals in defined benefit pension plans and defined contribution plans; taxes unrealized capital gains at death; repeals the exclusion of capital gains on the sale of a primary residence; and repeals other exclusions and miscellaneous tax expenditures.

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% \$11,688; 40% \$22,351; 60% \$38,055; 80% \$65,353; 90% \$95,935; 95% \$134,201; 99% \$335,779; 99.9% \$1,350,445.

(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 T12-0081**  
**Eliminate all Individual Income Tax Expenditures**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

| Cash Income Percentile <sup>2,3</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> |                    |  |
|---------------------------------------|---|-----------------------------------|----------------------------|----------|------------------------|--------------------|---------------------------------------|--------------------|--|
|                                       |   |                                   | Dollars                    | Percent  | Change (%) Points)     | Under the Proposal | Change (%) Points)                    | Under the Proposal |  |
| Lowest Quintile                       | -21.3   | 22.3                              | 2,766                      | -173.8   | 21.1                   | 5.2                | 24.3                                  | 10.3               |  |
| Second Quintile                       | -15.9   | 33.8                              | 4,239                      | -5,097.0 | 19.2                   | 18.3               | 15.9                                  | 15.6               |  |
| Middle Quintile                       | -9.0  | 17.4                              | 3,463                      | 70.2     | -7.4                   | 23.4               | 8.0                                   | 19.4               |  |
| Fourth Quintile                       | -9.0  | 13.2                              | 5,239                      | 45.0     | -12.8                  | 23.5               | 7.5                                   | 24.1               |  |
| Top Quintile                          | -9.6  | 13.3                              | 12,522                     | 33.2     | -20.1                  | 29.5               | 7.5                                   | 29.9               |  |
| All                                   | -12.6   | 100.0                             | 4,049                      | 123.8    | 0.0                    | 100.0              | 11.4                                  | 20.7               |  |
| <b>Addendum</b>                       |   |                                   |                            |          |                        |                    |                                       |                    |  |
| 80-90                                 | -8.3  | 4.4                               | 6,741                      | 32.9     | -6.7                   | 9.8                | 6.7                                   | 26.9               |  |
| 90-95                                 | -10.4   | 2.8                               | 12,171                     | 38.5     | -3.4                   | 5.5                | 8.2                                   | 29.5               |  |
| 95-99                                 | -8.6  | 2.6                               | 17,211                     | 30.5     | -4.5                   | 6.2                | 6.7                                   | 28.8               |  |
| Top 1 Percent                         | -12.3   | 3.5                               | 106,131                    | 32.3     | -5.6                   | 8.0                | 8.9                                   | 36.4               |  |
| Top 0.1 Percent                       | -16.8   | 2.1                               | 655,201                    | 38.2     | -2.6                   | 4.1                | 11.7                                  | 42.2               |  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<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                       | 7,953                  | 32.6             | 11,391            | 10.5             | -1,592             | -15.9            | 12,983                        | 13.2             | -14.0                                 |
| Second Quintile                       | 7,879                  | 32.3             | 26,611            | 24.2             | -83                | -0.8             | 26,694                        | 26.8             | -0.3                                  |
| Middle Quintile                       | 4,968                  | 20.4             | 43,368            | 24.9             | 4,934              | 30.7             | 38,434                        | 24.3             | 11.4                                  |
| Fourth Quintile                       | 2,487                  | 10.2             | 69,930            | 20.1             | 11,639             | 36.3             | 58,291                        | 18.5             | 16.6                                  |
| Top Quintile                          | 1,050                  | 4.3              | 167,924           | 20.4             | 37,714             | 49.6             | 130,210                       | 17.4             | 22.5                                  |
| All                                   | 24,414                 | 100.0            | 35,432            | 100.0            | 3,270              | 100.0            | 32,163                        | 100.0            | 9.2                                   |
| <b>Addendum</b>                       |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| 80-90                                 | 643                    | 2.6              | 101,291           | 7.5              | 20,502             | 16.5             | 80,789                        | 6.6              | 20.2                                  |
| 90-95                                 | 223                    | 0.9              | 148,577           | 3.8              | 31,620             | 8.8              | 116,957                       | 3.3              | 21.3                                  |
| 95-99                                 | 151                    | 0.6              | 255,857           | 4.5              | 56,437             | 10.7             | 199,421                       | 3.9              | 22.1                                  |
| Top 1 Percent                         | 33                     | 0.1              | 1,194,732         | 4.6              | 328,714            | 13.6             | 866,017                       | 3.6              | 27.5                                  |
| Top 0.1 Percent                       | 3                      | 0.0              | 5,612,443         | 2.0              | 1,715,069          | 6.7              | 3,897,374                     | 1.6              | 30.6                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

(1) Calendar year. Baseline is current law. Proposal repeals all individual income tax expenditures except preferential rates on capital gains and qualified dividends, including all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor, casualty and theft loss, and investment interest expense, which are converted to above-the-line deductions for current law itemizers; all current law above-the-line deductions except those for the self-employment tax, moving expenses, alimony paid; and all tax credits except the foreign tax credit. Additionally, the proposal repeals the exclusion of net imputed rental income; repeals the exemption on all municipal bond interest; includes 85% of Social Security benefits in taxable income; repeals the exclusion of workers' compensation benefits, taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; taxes accruals in defined benefit pension plans and defined contribution plans; taxes unrealized capital gains at death; repeals the exclusion of capital gains on the sale of a primary residence; and repeals other exclusions and miscellaneous tax expenditures.

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% \$11,688; 40% \$22,351; 60% \$38,055; 80% \$65,353; 90% \$95,935; 95% \$134,201; 99% \$335,779; 99.9% \$1,350,445.

(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 T12-0081**  
**Eliminate all Individual Income Tax Expenditures**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table - Tax Units with Children**

| Cash Income Percentile <sup>2,3</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> |                    |  |
|---------------------------------------|---|-----------------------------------|----------------------------|----------|------------------------|--------------------|---------------------------------------|--------------------|--|
|                                       |   |                                   | Dollars                    | Percent  | Change (%) Points      | Under the Proposal | Change (%) Points                     | Under the Proposal |  |
| <b>Lowest Quintile</b>                | -25.5   | 7.0                               | 3,679                      | -165.3   | 4.0                    | 1.1                | 30.1                                  | 11.9               |  |
| <b>Second Quintile</b>                | -17.3   | 11.1                              | 5,261                      | -2,048.9 | 4.6                    | 4.2                | 17.4                                  | 16.6               |  |
| <b>Middle Quintile</b>                | -10.6   | 9.7                               | 5,039                      | 80.6     | 0.7                    | 8.7                | 9.4                                   | 21.0               |  |
| <b>Fourth Quintile</b>                | -11.9   | 17.6                              | 9,093                      | 60.1     | -0.8                   | 18.8               | 9.9                                   | 26.4               |  |
| <b>Top Quintile</b>                   | -15.3   | 54.6                              | 32,398                     | 48.5     | -8.4                   | 67.1               | 11.6                                  | 35.5               |  |
| <b>All</b>                            | -14.6   | 100.0                             | 10,424                     | 67.0     | 0.0                    | 100.0              | 12.0                                  | 29.8               |  |
| <b>Addendum</b>                       |   |                                   |                            |          |                        |                    |                                       |                    |  |
| <b>80-90</b>                          | -15.2   | 16.5                              | 18,593                     | 60.0     | -0.8                   | 17.7               | 12.1                                  | 32.3               |  |
| <b>90-95</b>                          | -15.8   | 10.0                              | 25,313                     | 57.9     | -0.6                   | 11.0               | 12.4                                  | 33.8               |  |
| <b>95-99</b>                          | -15.7   | 14.2                              | 44,112                     | 48.3     | -2.2                   | 17.5               | 11.8                                  | 36.3               |  |
| <b>Top 1 Percent</b>                  | -14.6   | 13.8                              | 176,755                    | 36.0     | -4.8                   | 20.9               | 10.4                                  | 39.2               |  |
| <b>Top 0.1 Percent</b>                | -15.6   | 6.3                               | 861,291                    | 34.5     | -2.4                   | 9.8                | 10.7                                  | 41.9               |  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<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 |                                       |
| <b>Lowest Quintile</b>                | 9,624                  | 19.9             | 12,221            | 2.8              | -2,225             | -2.9             | 14,446                        | 4.0              | -18.2                                 |
| <b>Second Quintile</b>                | 10,630                 | 22.0             | 30,191            | 7.6              | -257               | -0.4             | 30,447                        | 9.3              | -0.9                                  |
| <b>Middle Quintile</b>                | 9,718                  | 20.1             | 53,686            | 12.4             | 6,249              | 8.1              | 47,436                        | 13.3             | 11.6                                  |
| <b>Fourth Quintile</b>                | 9,731                  | 20.1             | 91,659            | 21.2             | 15,141             | 19.6             | 76,518                        | 21.5             | 16.5                                  |
| <b>Top Quintile</b>                   | 8,493                  | 17.6             | 279,232           | 56.2             | 66,835             | 75.5             | 212,398                       | 52.1             | 23.9                                  |
| <b>All</b>                            | 48,380                 | 100.0            | 87,155            | 100.0            | 15,551             | 100.0            | 71,604                        | 100.0            | 17.8                                  |
| <b>Addendum</b>                       |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| <b>80-90</b>                          | 4,479                  | 9.3              | 153,349           | 16.3             | 30,973             | 18.4             | 122,376                       | 15.8             | 20.2                                  |
| <b>90-95</b>                          | 1,994                  | 4.1              | 204,015           | 9.7              | 43,707             | 11.6             | 160,308                       | 9.2              | 21.4                                  |
| <b>95-99</b>                          | 1,626                  | 3.4              | 372,645           | 14.4             | 91,251             | 19.7             | 281,394                       | 13.2             | 24.5                                  |
| <b>Top 1 Percent</b>                  | 394                    | 0.8              | 1,704,575         | 15.9             | 490,534            | 25.7             | 1,214,041                     | 13.8             | 28.8                                  |
| <b>Top 0.1 Percent</b>                | 37                     | 0.1              | 8,017,842         | 7.0              | 2,498,718          | 12.2             | 5,519,125                     | 5.9              | 31.2                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

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 repeals all individual income tax expenditures except preferential rates on capital gains and qualified dividends, including all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor, casualty and theft loss, and investment interest expense, which are converted to above-the-line deductions for current law itemizers; all current law above-the-line deductions except those for the self-employment tax, moving expenses, alimony paid; and all tax credits except the foreign tax credit. Additionally, the proposal repeals the exclusion of net imputed rental income; repeals the exemption on all municipal bond interest; includes 85% of Social Security benefits in taxable income; repeals the exclusion of workers' compensation benefits, taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; taxes accruals in defined benefit pension plans and defined contribution plans; taxes unrealized capital gains at death; repeals the exclusion of capital gains on the sale of a primary residence; and repeals other exclusions and miscellaneous tax expenditures. 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% \$11,688; 40% \$22,351; 60% \$38,055; 80% \$65,353; 90% \$95,935; 95% \$134,201; 99% \$335,779; 99.9% \$1,350,445.

(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 T12-0081**  
**Eliminate all Individual Income Tax Expenditures**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table - Elderly Tax Units**

| Cash Income Percentile <sup>2,3</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> |                    |  |
|---------------------------------------|---|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|--|
|                                       |   |                                   | Dollars                    | Percent | Change (%) Points      | Under the Proposal | Change (%) Points                     | Under the Proposal |  |
| Lowest Quintile                       | -0.6  | 0.3                               | 47                         | 88.4    | 0.0                    | 0.1                | 0.6                                   | 1.2                |  |
| Second Quintile                       | -3.9  | 6.0                               | 682                        | 422.5   | 1.3                    | 1.8                | 3.8                                   | 4.8                |  |
| Middle Quintile                       | -5.1  | 14.4                              | 1,764                      | 134.8   | 2.7                    | 6.0                | 4.9                                   | 8.6                |  |
| Fourth Quintile                       | -2.7  | 10.0                              | 1,554                      | 25.8    | -0.5                   | 11.7               | 2.4                                   | 11.8               |  |
| Top Quintile                          | -6.6  | 69.3                              | 10,975                     | 26.1    | -3.5                   | 80.3               | 5.3                                   | 25.5               |  |
| All                                   | -5.3  | 100.0                             | 2,853                      | 31.5    | 0.0                    | 100.0              | 4.5                                   | 18.8               |  |
| <b>Addendum</b>                       |   |                                   |                            |         |                        |                    |                                       |                    |  |
| 80-90                                 | -2.1  | 5.2                               | 1,754                      | 13.0    | -1.8                   | 10.7               | 1.8                                   | 15.6               |  |
| 90-95                                 | -3.3  | 6.8                               | 4,090                      | 16.4    | -1.5                   | 11.6               | 2.7                                   | 19.5               |  |
| 95-99                                 | -5.9  | 15.7                              | 11,901                     | 24.4    | -1.1                   | 19.2               | 4.8                                   | 24.3               |  |
| Top 1 Percent                         | -12.7   | 41.6                              | 108,981                    | 34.7    | 0.9                    | 38.7               | 9.3                                   | 36.1               |  |
| Top 0.1 Percent                       | -16.2   | 22.8                              | 595,085                    | 35.9    | 0.7                    | 20.7               | 11.1                                  | 42.2               |  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<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                       | 5,318                  | 15.0             | 8,514             | 2.0              | 54                 | 0.1              | 8,461                         | 2.3              | 0.6                                   |
| Second Quintile                       | 8,941                  | 25.2             | 17,755            | 7.1              | 162                | 0.5              | 17,594                        | 8.2              | 0.9                                   |
| Middle Quintile                       | 8,299                  | 23.4             | 35,781            | 13.2             | 1,309              | 3.4              | 34,472                        | 14.8             | 3.7                                   |
| Fourth Quintile                       | 6,547                  | 18.4             | 64,256            | 18.7             | 6,027              | 12.3             | 58,230                        | 19.7             | 9.4                                   |
| Top Quintile                          | 6,397                  | 18.0             | 208,223           | 59.1             | 42,095             | 83.8             | 166,127                       | 55.0             | 20.2                                  |
| All                                   | 35,530                 | 100.0            | 63,396            | 100.0            | 9,049              | 100.0            | 54,347                        | 100.0            | 14.3                                  |
| <b>Addendum</b>                       |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| 80-90                                 | 2,978                  | 8.4              | 97,974            | 13.0             | 13,492             | 12.5             | 84,482                        | 13.0             | 13.8                                  |
| 90-95                                 | 1,695                  | 4.8              | 149,233           | 11.2             | 24,937             | 13.2             | 124,296                       | 10.9             | 16.7                                  |
| 95-99                                 | 1,338                  | 3.8              | 249,438           | 14.8             | 48,771             | 20.3             | 200,667                       | 13.9             | 19.6                                  |
| Top 1 Percent                         | 387                    | 1.1              | 1,173,369         | 20.1             | 314,526            | 37.8             | 858,843                       | 17.2             | 26.8                                  |
| Top 0.1 Percent                       | 39                     | 0.1              | 5,341,288         | 9.2              | 1,659,906          | 20.1             | 3,681,381                     | 7.4              | 31.1                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

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 repeals all individual income tax expenditures except preferential rates on capital gains and qualified dividends, including all itemized deductions except those for miscellaneous expenses above a 2%-of-AGI floor, casualty and theft loss, and investment interest expense, which are converted to above-the-line deductions for current law itemizers; all current law above-the-line deductions except those for the self-employment tax, moving expenses, alimony paid; and all tax credits except the foreign tax credit. Additionally, the proposal repeals the exclusion of net imputed rental income; repeals the exemption on all municipal bond interest; includes 85% of Social Security benefits in taxable income; repeals the exclusion of workers' compensation benefits, taxes inside buildup in life insurance and annuities; repeals the foreign earned income exclusion; includes benefits under Section 125 cafeteria plans and Employer-Sponsored Insurance (ESI) benefits in taxable income for individual income tax purposes; eliminates contributions to tax-deferred retirement accounts; taxes accruals in defined benefit pension plans and defined contribution plans; taxes unrealized capital gains at death; repeals the exclusion of capital gains on the sale of a primary residence; and repeals other exclusions and miscellaneous tax expenditures. 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% \$11,688; 40% \$22,351; 60% \$38,055; 80% \$65,353; 90% \$95,935; 95% \$134,201; 99% \$335,779; 99.9% \$1,350,445.

(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.