

Table T12-0085
H.R. 9: The Small Business Tax Cut Act
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2012 ¹
Detail Table

Cash Income Percentile ^{2,3}	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		
			Dollars	Percent	Change (%)	Under the Proposal	Change (%)	Under the Proposal	
Lowest Quintile	0.0	0.2	-2	-1.6	0.0	0.3	0.0	1.4	
Second Quintile	0.0	0.7	-9	-0.5	0.0	2.9	0.0	7.1	
Middle Quintile	0.1	1.6	-23	-0.4	0.2	9.1	-0.1	13.8	
Fourth Quintile	0.1	3.5	-59	-0.4	0.3	17.9	-0.1	18.7	
Top Quintile	0.9	93.8	-1,824	-2.6	-0.5	69.8	-0.7	24.8	
All	0.5	100.0	-277	-2.0	0.0	100.0	-0.4	19.9	
Addendum									
80-90	0.2	5.8	-222	-0.7	0.2	15.7	-0.2	22.2	
90-95	0.3	6.3	-497	-1.1	0.1	11.6	-0.3	24.3	
95-99	0.9	22.3	-2,164	-2.4	-0.1	17.7	-0.6	25.1	
Top 1 Percent	1.8	59.5	-22,857	-4.6	-0.7	24.8	-1.3	26.8	
Top 0.1 Percent	2.2	34.9	-130,926	-5.0	-0.4	13.1	-1.5	28.9	

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2012 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	43,663	26.4	9,572	3.6	139	0.3	9,433	4.5	1.5
Second Quintile	37,050	22.4	25,295	8.1	1,793	2.8	23,501	9.5	7.1
Middle Quintile	32,849	19.9	45,950	13.1	6,378	8.9	39,572	14.1	13.9
Fourth Quintile	27,060	16.4	81,893	19.2	15,334	17.7	66,559	19.6	18.7
Top Quintile	23,575	14.3	275,386	56.2	70,026	70.3	205,359	52.6	25.4
All	165,201	100.0	69,939	100.0	14,224	100.0	55,715	100.0	20.3
Addendum									
80-90	11,894	7.2	137,086	14.1	30,589	15.5	106,496	13.8	22.3
90-95	5,764	3.5	191,432	9.6	47,004	11.5	144,428	9.1	24.6
95-99	4,723	2.9	344,096	14.1	88,572	17.8	255,524	13.1	25.7
Top 1 Percent	1,193	0.7	1,787,841	18.5	501,031	25.4	1,286,810	16.7	28.0
Top 0.1 Percent	122	0.1	8,534,016	9.0	2,595,428	13.5	5,938,587	7.9	30.4

Sources: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3) and Joint Committee on Taxation.

Number of AMT Taxpayers (millions). Baseline: 31.2

Proposal: 31.1

Calendar year. Baseline is current law. Proposal is H.R. 9, which provides a deduction for up to 20 percent of qualified domestic small business income. For a detailed description of the plan and TPC's modeling assumptions, see <http://www.taxpolicycenter.org/taxtopics/HR9-Small-Business-Tax-Act.cfm>. 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% \$17,130; 40% \$34,174; 60% \$62,042; 80% \$104,401; 90% \$169,059; 95% \$216,085; 99% \$569,944; 99.9% \$2,474,273.

(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.