

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

**Table T11-0279**  
**Option 2: Phase Down Deduction Over 5 Years, Immediate \$500,000 Mortgage Cap**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2015 <sup>1</sup>**  
**Summary Table**

Cash Income Percentile <sup>2,3</sup>	Tax Units with Tax Increase or Cut <sup>4</sup>				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>	
	With Tax Cut		With Tax Increase					Change (%)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
<b>Lowest Quintile</b>	1.8	-138	*	**	0.0	-0.4	-2	0.0	2.0
<b>Second Quintile</b>	13.9	-280	0.4	167	0.1	-5.0	-38	-0.1	9.0
<b>Middle Quintile</b>	31.3	-411	7.0	344	0.2	-11.9	-105	-0.2	15.7
<b>Fourth Quintile</b>	27.2	-532	26.7	547	0.0	0.2	2	0.0	19.4
<b>Top Quintile</b>	4.4	-455	60.9	2,320	-0.6	117.1	1,393	0.5	26.3
<b>All</b>	14.9	-413	14.7	1,593	-0.3	100.0	173	0.2	21.2
<b>Addendum</b>									
<b>80-90</b>	7.2	-462	58.9	1,045	-0.5	24.6	582	0.4	22.4
<b>90-95</b>	2.5	-401	67.4	2,261	-0.9	31.3	1,514	0.7	24.0
<b>95-99</b>	0.7	-514	62.4	4,631	-1.0	48.7	2,887	0.8	26.1
<b>Top 1 Percent</b>	0.5	-404	43.5	6,746	-0.2	12.5	2,929	0.2	30.6
<b>Top 0.1 Percent</b>	0.1	-939	20.1	10,158	0.0	0.9	2,042	0.0	33.5

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

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.8

\* Less than 0.05

\*\* Insufficient data

(1) Calendar year. Baseline is current policy. Proposal would reduce mortgage interest deduction to 15 percent over five years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 19 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited to the first \$500,000 of a mortgage on primary residence only. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(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% \$19,452; 40% \$40,088; 60% \$69,465; 80% \$120,224; 90% \$170,951; 95% \$243,973; 99% \$633,380; 99.9% \$2,884,799.

(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 T11-0279**  
**Option 2: Phase Down Deduction Over 5 Years, Immediate \$500,000 Mortgage Cap**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2015 <sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</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>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	1.8	*	0.0	-0.4	-2	-1.1	0.0	0.3	0.0	2.0
<b>Second Quintile</b>	13.9	0.4	0.1	-5.0	-38	-1.4	-0.1	3.7	-0.1	9.0
<b>Middle Quintile</b>	31.3	7.0	0.2	-11.9	-105	-1.2	-0.2	10.2	-0.2	15.7
<b>Fourth Quintile</b>	27.2	26.7	0.0	0.2	2	0.0	-0.2	18.1	0.0	19.4
<b>Top Quintile</b>	4.4	60.9	-0.6	117.1	1,393	1.8	0.5	67.5	0.5	26.3
<b>All</b>	14.9	14.7	-0.3	100.0	173	1.0	0.0	100.0	0.2	21.2
<b>Addendum</b>										
<b>80-90</b>	7.2	58.9	-0.5	24.6	582	1.8	0.1	14.5	0.4	22.4
<b>90-95</b>	2.5	67.4	-0.9	31.3	1,514	3.1	0.2	10.7	0.7	24.0
<b>95-99</b>	0.7	62.4	-1.0	48.7	2,887	3.0	0.3	16.7	0.8	26.1
<b>Top 1 Percent</b>	0.5	43.5	-0.2	12.5	2,929	0.5	-0.1	25.6	0.2	30.6
<b>Top 0.1 Percent</b>	0.1	20.1	0.0	0.9	2,042	0.1	-0.1	12.5	0.0	33.5

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2015 <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>	43,801	25.9	11,368	3.7	227	0.4	11,141	4.5	2.0	
<b>Second Quintile</b>	38,297	22.7	30,850	8.7	2,825	3.8	28,026	10.0	9.2	
<b>Middle Quintile</b>	33,246	19.7	56,491	13.8	8,968	10.5	47,523	14.7	15.9	
<b>Fourth Quintile</b>	27,764	16.4	97,100	19.8	18,816	18.3	78,284	20.2	19.4	
<b>Top Quintile</b>	24,598	14.6	301,089	54.4	77,672	67.0	223,417	51.1	25.8	
<b>All</b>	168,946	100.0	80,584	100.0	16,888	100.0	63,696	100.0	21.0	
<b>Addendum</b>										
<b>80-90</b>	12,369	7.3	150,582	13.7	33,145	14.4	117,437	13.5	22.0	
<b>90-95</b>	6,040	3.6	213,273	9.5	49,634	10.5	163,638	9.2	23.3	
<b>95-99</b>	4,936	2.9	375,241	13.6	94,854	16.4	280,388	12.9	25.3	
<b>Top 1 Percent</b>	1,253	0.7	1,918,232	17.7	584,752	25.7	1,333,480	15.5	30.5	
<b>Top 0.1 Percent</b>	129	0.1	8,360,965	7.9	2,798,765	12.6	5,562,200	6.7	33.5	

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

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.8

\* Less than 0.05

(1) Calendar year. Baseline is current policy. Proposal would reduce mortgage interest deduction to 15 percent over five years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 19 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited to the first \$500,000 of a mortgage on primary residence only. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

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(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2011 dollars): 20% \$19,452; 40% \$40,088; 60% \$69,465; 80% \$120,224; 90% \$170,951; 95% \$243,973; 99% \$633,380; 99.9% \$2,884,799.

(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 T11-0279**  
**Option 2: Phase Down Deduction Over 5 Years, Immediate \$500,000 Mortgage Cap**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015 <sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</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>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.9	*	0.0	-0.1	-1	0.4	0.0	-0.3	0.0	-2.0
Second Quintile	9.5	0.3	0.1	-3.4	-28	-1.3	-0.1	2.5	-0.1	7.5
Middle Quintile	31.7	2.8	0.3	-14.8	-128	-1.8	-0.2	8.1	-0.3	13.9
Fourth Quintile	28.4	22.7	0.0	0.2	2	0.0	-0.2	17.3	0.0	19.0
Top Quintile	6.5	53.5	-0.6	118.0	1,099	1.7	0.5	72.2	0.4	26.0
All	14.9	14.7	-0.3	100.0	173	1.0	0.0	100.0	0.2	21.2
<b>Addendum</b>										
80-90	10.4	51.1	-0.5	26.4	491	1.7	0.1	15.7	0.4	22.4
90-95	4.1	58.2	-0.8	30.9	1,141	2.7	0.2	12.0	0.6	24.0
95-99	1.1	56.6	-0.9	47.8	2,238	2.8	0.3	17.9	0.7	25.7
Top 1 Percent	0.3	40.9	-0.2	13.0	2,507	0.5	-0.1	26.6	0.2	30.4
Top 0.1 Percent	0.1	19.0	0.0	1.0	1,832	0.1	-0.1	13.1	0.0	33.5

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2015 <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	36,457	21.6	10,602	2.8	-209	-0.3	10,811	3.7	-2.0	
Second Quintile	35,217	20.9	27,635	7.2	2,096	2.6	25,539	8.4	7.6	
Middle Quintile	33,605	19.9	49,901	12.3	7,077	8.3	42,824	13.4	14.2	
Fourth Quintile	31,021	18.4	84,761	19.3	16,082	17.5	68,678	19.8	19.0	
Top Quintile	31,406	18.6	254,525	58.7	65,158	71.7	189,367	55.3	25.6	
All	168,946	100.0	80,584	100.0	16,888	100.0	63,696	100.0	21.0	
<b>Addendum</b>										
80-90	15,725	9.3	128,613	14.9	28,299	15.6	100,314	14.7	22.0	
90-95	7,925	4.7	182,258	10.6	42,637	11.8	139,621	10.3	23.4	
95-99	6,244	3.7	320,925	14.7	80,344	17.6	240,582	14.0	25.0	
Top 1 Percent	1,512	0.9	1,668,229	18.5	503,719	26.7	1,164,510	16.4	30.2	
Top 0.1 Percent	151	0.1	7,425,020	8.3	2,482,548	13.2	4,942,473	7.0	33.4	

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

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.8

\* Less than 0.05

(1) Calendar year. Baseline is current policy. Proposal would reduce mortgage interest deduction to 15 percent over five years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 19 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited to the first \$500,000 of a mortgage on primary residence only. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(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% \$13,764; 40% \$26,717; 60% \$44,414; 80% \$72,834; 90% \$104,772; 95% \$148,814; 99% \$386,554; 99.9% \$1,774,285.

(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 T11-0279**  
**Option 2: Phase Down Deduction Over 5 Years, Immediate \$500,000 Mortgage Cap**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015 <sup>1</sup>**  
**Detail Table - Single Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</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>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	1.0	0.0	0.0	-0.5	-1	-0.2	0.0	1.2	0.0	4.5
<b>Second Quintile</b>	6.3	0.2	0.1	-6.1	-13	-0.7	-0.1	4.9	-0.1	8.3
<b>Middle Quintile</b>	21.4	1.2	0.2	-18.7	-50	-0.9	-0.2	12.2	-0.1	14.8
<b>Fourth Quintile</b>	22.8	16.3	0.0	2.7	10	0.1	-0.1	20.7	0.0	20.6
<b>Top Quintile</b>	6.4	40.7	-0.4	122.6	520	1.2	0.4	60.9	0.3	26.3
<b>All</b>	10.1	7.7	-0.2	100.0	52	0.6	0.0	100.0	0.1	20.1
<b>Addendum</b>										
<b>80-90</b>	10.1	38.6	-0.3	28.0	229	1.1	0.1	15.6	0.3	23.6
<b>90-95</b>	3.9	43.8	-0.5	27.5	462	1.4	0.1	11.4	0.4	24.8
<b>95-99</b>	0.9	44.1	-0.7	52.0	1,166	2.1	0.2	14.7	0.5	25.1
<b>Top 1 Percent</b>	0.5	32.1	-0.2	15.1	1,658	0.5	0.0	19.1	0.2	31.7
<b>Top 0.1 Percent</b>	*	18.4	-0.1	1.4	1,656	0.1	-0.1	9.2	0.0	35.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2015 <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>	23,196	28.5	8,395	5.4	378	1.2	8,017	6.5	4.5	
<b>Second Quintile</b>	19,667	24.2	21,310	11.7	1,790	4.9	19,520	13.4	8.4	
<b>Middle Quintile</b>	15,891	19.5	37,519	16.6	5,588	12.4	31,931	17.7	14.9	
<b>Fourth Quintile</b>	11,931	14.7	60,761	20.2	12,520	20.8	48,240	20.1	20.6	
<b>Top Quintile</b>	9,954	12.2	167,534	46.5	43,578	60.5	123,956	43.0	26.0	
<b>All</b>	81,336	100.0	44,116	100.0	8,815	100.0	35,301	100.0	20.0	
<b>Addendum</b>										
<b>80-90</b>	5,175	6.4	92,340	13.3	21,566	15.6	70,774	12.8	23.4	
<b>90-95</b>	2,512	3.1	131,560	9.2	32,142	11.3	99,419	8.7	24.4	
<b>95-99</b>	1,882	2.3	225,150	11.8	55,276	14.5	169,874	11.1	24.6	
<b>Top 1 Percent</b>	385	0.5	1,132,088	12.1	357,136	19.2	774,952	10.4	31.6	
<b>Top 0.1 Percent</b>	34	0.0	5,399,109	5.2	1,934,445	9.3	3,464,664	4.2	35.8	

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

\* Less than 0.05

(1) Calendar year. Baseline is current policy. Proposal would reduce mortgage interest deduction to 15 percent over five years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 19 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited to the first \$500,000 of a mortgage on primary residence only. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(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% \$13,764; 40% \$26,717; 60% \$44,414; 80% \$72,834; 90% \$104,772; 95% \$148,814; 99% \$386,554; 99.9% \$1,774,285.

(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 T11-0279**  
**Option 2: Phase Down Deduction Over 5 Years, Immediate \$500,000 Mortgage Cap**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015 <sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</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>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	0.1	0.0	0.0	0.0	0	0.0	0.0	-0.2	0.0	-4.7
<b>Second Quintile</b>	13.9	0.7	0.2	-1.5	-54	-1.8	0.0	1.0	-0.1	7.5
<b>Middle Quintile</b>	42.8	4.2	0.4	-11.5	-230	-2.7	-0.2	5.0	-0.4	12.7
<b>Fourth Quintile</b>	33.6	26.4	0.0	-1.6	-24	-0.1	-0.2	15.0	0.0	18.0
<b>Top Quintile</b>	6.6	59.7	-0.6	114.6	1,391	1.8	0.4	79.0	0.5	25.9
<b>All</b>	21.4	27.8	-0.4	100.0	405	1.2	0.0	100.0	0.3	22.5
<b>Addendum</b>										
<b>80-90</b>	10.9	57.4	-0.5	24.5	619	1.9	0.1	15.8	0.4	21.8
<b>90-95</b>	4.4	65.3	-0.9	31.0	1,456	3.0	0.2	12.9	0.7	23.7
<b>95-99</b>	1.2	62.2	-1.0	46.7	2,726	2.9	0.3	20.0	0.7	25.9
<b>Top 1 Percent</b>	0.3	43.8	-0.2	12.5	2,788	0.5	-0.2	30.2	0.2	30.0
<b>Top 0.1 Percent</b>	0.1	19.2	0.0	0.9	1,862	0.1	-0.2	14.6	0.0	32.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2015 <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>	4,463	7.6	15,631	0.8	-738	-0.2	16,369	1.1	-4.7
<b>Second Quintile</b>	6,865	11.7	39,057	3.1	2,974	1.1	36,083	3.7	7.6
<b>Middle Quintile</b>	11,932	20.3	64,653	8.9	8,422	5.2	56,231	10.0	13.0
<b>Fourth Quintile</b>	15,574	26.5	104,032	18.8	18,781	15.2	85,252	19.8	18.1
<b>Top Quintile</b>	19,635	33.4	302,339	68.7	76,903	78.5	225,436	65.9	25.4
<b>All</b>	58,870	100.0	146,762	100.0	32,659	100.0	114,103	100.0	22.3
<b>Addendum</b>									
<b>80-90</b>	9,415	16.0	149,979	16.3	32,134	15.7	117,845	16.5	21.4
<b>90-95</b>	5,079	8.6	208,633	12.3	48,076	12.7	160,557	12.1	23.0
<b>95-99</b>	4,077	6.9	367,942	17.4	92,619	19.6	275,323	16.7	25.2
<b>Top 1 Percent</b>	1,065	1.8	1,845,234	22.7	550,063	30.5	1,295,171	20.5	29.8
<b>Top 0.1 Percent</b>	108	0.2	7,994,782	10.0	2,628,985	14.8	5,365,796	8.7	32.9

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

\* Less than 0.05

(1) Calendar year. Baseline is current policy. Proposal would reduce mortgage interest deduction to 15 percent over five years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 19 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited to the first \$500,000 of a mortgage on primary residence only. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(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% \$13,764; 40% \$26,717; 60% \$44,414; 80% \$72,834; 90% \$104,772; 95% \$148,814; 99% \$386,554; 99.9% \$1,774,285.

(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 T11-0279**  
**Option 2: Phase Down Deduction Over 5 Years, Immediate \$500,000 Mortgage Cap**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015 <sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</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>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.7	*	0.0	-0.5	0	0.0	0.0	-8.5	0.0	-11.2
Second Quintile	12.2	0.4	0.1	-46.0	-40	-2.0	-0.3	10.2	-0.1	5.9
Middle Quintile	35.3	3.5	0.3	-100.4	-142	-1.7	-0.6	26.4	-0.3	15.1
Fourth Quintile	23.3	28.4	-0.1	33.5	82	0.5	0.0	30.5	0.1	19.9
Top Quintile	4.9	57.4	-0.8	213.4	1,162	2.4	0.8	41.4	0.6	25.7
All	13.7	6.8	-0.1	100.0	27	0.5	0.0	100.0	0.1	13.6
<b>Addendum</b>										
80-90	7.0	55.0	-0.7	73.5	623	2.2	0.3	15.6	0.5	23.8
90-95	2.1	60.0	-1.2	51.4	1,542	3.8	0.2	6.3	0.9	24.6
95-99	0.3	65.0	-1.2	71.6	2,623	3.6	0.3	9.2	0.9	25.4
Top 1 Percent	0.0	55.7	-0.3	16.8	3,423	0.7	0.0	10.2	0.2	30.9
Top 0.1 Percent	0.0	25.9	-0.1	1.2	2,888	0.1	0.0	4.7	0.0	33.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2015 <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	8,554	32.8	13,984	10.3	-1,563	-8.5	15,547	13.2	-11.2	
Second Quintile	8,234	31.5	33,302	23.5	1,996	10.4	31,305	25.6	6.0	
Middle Quintile	5,041	19.3	54,971	23.8	8,428	27.0	46,543	23.3	15.3	
Fourth Quintile	2,893	11.1	83,770	20.8	16,587	30.4	67,182	19.3	19.8	
Top Quintile	1,307	5.0	194,776	21.8	48,971	40.6	145,806	18.9	25.1	
All	26,121	100.0	44,620	100.0	6,035	100.0	38,585	100.0	13.5	
<b>Addendum</b>										
80-90	840	3.2	124,047	8.9	28,871	15.4	95,176	7.9	23.3	
90-95	238	0.9	171,264	3.5	40,622	6.1	130,642	3.1	23.7	
95-99	194	0.7	293,736	4.9	72,007	8.9	221,728	4.3	24.5	
Top 1 Percent	35	0.1	1,501,783	4.5	459,950	10.2	1,041,833	3.6	30.6	
Top 0.1 Percent	3	0.0	7,219,902	1.9	2,445,732	4.7	4,774,170	1.4	33.9	

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

\* Less than 0.05

(1) Calendar year. Baseline is current policy. Proposal would reduce mortgage interest deduction to 15 percent over five years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 19 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited to the first \$500,000 of a mortgage on primary residence only. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(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% \$13,764; 40% \$26,717; 60% \$44,414; 80% \$72,834; 90% \$104,772; 95% \$148,814; 99% \$386,554; 99.9% \$1,774,285.

(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 T11-0279**  
**Option 2: Phase Down Deduction Over 5 Years, Immediate \$500,000 Mortgage Cap**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015 <sup>1</sup>**  
**Detail Table - Tax Units with Children**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</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>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.3	*	0.0	0.0	0	0.0	0.0	-2.0	0.0	-14.4
Second Quintile	10.7	0.7	0.1	-2.2	-36	-1.6	-0.1	2.3	-0.1	5.9
Middle Quintile	40.8	6.6	0.4	-11.2	-201	-1.9	-0.4	9.6	-0.3	15.2
Fourth Quintile	24.5	40.8	-0.2	9.1	162	0.7	-0.2	20.9	0.1	19.8
Top Quintile	2.8	76.8	-0.9	104.3	2,253	2.6	0.6	69.2	0.7	27.3
All	16.1	22.6	-0.4	100.0	360	1.7	0.0	100.0	0.4	21.1
<b>Addendum</b>										
80-90	4.4	76.7	-0.9	28.4	1,161	3.0	0.2	16.5	0.7	23.6
90-95	1.6	80.3	-1.5	30.3	2,747	4.6	0.3	11.4	1.1	25.3
95-99	0.5	77.6	-1.3	36.8	4,184	3.6	0.3	17.6	1.0	27.6
Top 1 Percent	0.1	55.2	-0.3	9.0	4,311	0.6	-0.3	23.8	0.2	31.6
Top 0.1 Percent	0.1	26.5	0.0	0.6	2,937	0.1	-0.2	11.0	0.0	33.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2015 <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	10,299	20.5	14,919	3.0	-2,147	-2.1	17,066	4.3	-14.4	
Second Quintile	10,995	21.9	37,962	8.1	2,258	2.3	35,704	9.6	6.0	
Middle Quintile	10,131	20.2	67,712	13.3	10,477	9.9	57,235	14.2	15.5	
Fourth Quintile	10,153	20.2	112,761	22.3	22,183	21.1	90,578	22.6	19.7	
Top Quintile	8,372	16.7	329,225	53.6	87,561	68.6	241,664	49.7	26.6	
All	50,185	100.0	102,460	100.0	21,289	100.0	81,172	100.0	20.8	
<b>Addendum</b>										
80-90	4,416	8.8	171,499	14.7	39,368	16.3	132,132	14.3	23.0	
90-95	1,992	4.0	245,849	9.5	59,371	11.1	186,478	9.1	24.2	
95-99	1,588	3.2	434,482	13.4	115,884	17.2	318,598	12.4	26.7	
Top 1 Percent	375	0.8	2,183,049	15.9	684,661	24.0	1,498,388	13.8	31.4	
Top 0.1 Percent	35	0.1	10,034,824	6.9	3,400,497	11.2	6,634,327	5.7	33.9	

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

\* 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 reduce mortgage interest deduction to 15 percent over five years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 19 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited to the first \$500,000 of a mortgage on primary residence only. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(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% \$13,764; 40% \$26,717; 60% \$44,414; 80% \$72,834; 90% \$104,772; 95% \$148,814; 99% \$386,554; 99.9% \$1,774,285.

(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 T11-0279**  
**Option 2: Phase Down Deduction Over 5 Years, Immediate \$500,000 Mortgage Cap**  
**Baseline: Current Policy**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2015 <sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</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>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	*	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	0.7
Second Quintile	1.8	0.0	0.0	-6.4	-5	-1.2	0.0	0.7	0.0	1.7
Middle Quintile	23.7	0.3	0.2	-92.5	-76	-3.1	-0.1	3.9	-0.2	5.3
Fourth Quintile	32.2	7.6	0.2	-108.7	-123	-1.4	-0.2	10.8	-0.2	11.5
Top Quintile	8.8	25.3	-0.2	307.5	311	0.5	0.3	84.5	0.1	23.7
All	12.6	5.9	0.0	100.0	18	0.1	0.0	100.0	0.0	17.2
<b>Addendum</b>										
80-90	14.5	25.7	-0.1	44.6	100	0.5	0.1	11.5	0.1	16.1
90-95	7.5	25.6	-0.2	71.5	289	0.9	0.1	10.8	0.2	19.2
95-99	1.6	25.6	-0.3	140.5	617	0.9	0.2	20.7	0.2	22.4
Top 1 Percent	0.7	20.1	-0.1	50.9	767	0.2	0.0	41.4	0.1	30.5
Top 0.1 Percent	0.1	8.9	0.0	4.2	629	0.0	0.0	20.6	0.0	34.1

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2015 <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	6,748	17.4	10,638	2.4	72	0.1	10,565	2.8	0.7	
Second Quintile	9,924	25.5	22,647	7.4	388	0.7	22,259	8.8	1.7	
Middle Quintile	8,724	22.4	44,646	12.8	2,422	4.0	42,225	14.6	5.4	
Fourth Quintile	6,359	16.4	77,029	16.1	8,994	10.9	68,035	17.2	11.7	
Top Quintile	7,090	18.2	263,589	61.4	62,165	84.2	201,424	56.7	23.6	
All	38,882	100.0	78,233	100.0	13,472	100.0	64,761	100.0	17.2	
<b>Addendum</b>										
80-90	3,205	8.2	117,227	12.4	18,756	11.5	98,470	12.5	16.0	
90-95	1,775	4.6	166,728	9.7	31,730	10.8	134,997	9.5	19.0	
95-99	1,634	4.2	296,750	15.9	65,880	20.6	230,870	15.0	22.2	
Top 1 Percent	476	1.2	1,495,891	23.4	455,007	41.4	1,040,883	19.7	30.4	
Top 0.1 Percent	48	0.1	6,639,891	10.5	2,260,725	20.7	4,379,166	8.3	34.1	

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

\* Less than 0.05

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is current policy. Proposal would reduce mortgage interest deduction to 15 percent over five years and then completely replace this deduction with a 15% non-refundable credit for mortgage interest. Deduction would be limited to 19 percent for 2015. The option of the credit would be available immediately. Both the credit and the deduction will be limited to the first \$500,000 of a mortgage on primary residence only. Estimates assume that taxpayers would adjust their investment portfolios and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

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(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2011 dollars): 20% \$13,764; 40% \$26,717; 60% \$44,414; 80% \$72,834; 90% \$104,772; 95% \$148,814; 99% \$386,554; 99.9% \$1,774,285.

(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.