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**Table T12-0162**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal Plus 2013 AMT Patch and Extension of 2009 Estate Tax Law**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Income Percentile, 2013 <sup>1</sup>**  
**Summary Table**

| 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 (% Points)                     | Under the Proposal |
|                                  | Pct of Tax Units                                | Avg Tax Cut | Pct of Tax Units  | Avg Tax Increase |   |                                   |                                 |                                       |                    |
| Lowest Quintile                  | 37.9  | -708        | 0.0               | 0                | 2.1   | 4.1                               | -268                            | -2.0                                  | 2.6                |
| Second Quintile                  | 78.9  | -947        | *                 | **               | 2.3   | 9.8                               | -746                            | -2.1                                  | 8.7                |
| Middle Quintile                  | 93.5  | -1,306      | 0.0               | 0                | 2.3   | 14.0                              | -1,208                          | -1.9                                  | 13.8               |
| Fourth Quintile                  | 98.8  | -2,312      | 0.0               | 0                | 2.7   | 20.8                              | -2,257                          | -2.2                                  | 16.3               |
| Top Quintile                     | 99.3  | -6,417      | 0.3               | 16,597           | 2.8   | 51.2                              | -6,123                          | -2.1                                  | 23.5               |
| All                              | 76.8  | -2,305      | 0.1               | 15,318           | 2.6   | 100.0                             | -1,727                          | -2.1                                  | 18.3               |
| <b>Addendum</b>                  |   |             |                   |                  |   |                                   |                                 |                                       |                    |
| 80-90                            | 99.6  | -4,246      | 0.0               | 0                | 3.4   | 17.4                              | -4,151                          | -2.7                                  | 18.4               |
| 90-95                            | 99.5  | -5,535      | 0.2               | 3,366            | 3.3   | 11.1                              | -5,365                          | -2.5                                  | 19.4               |
| 95-99                            | 99.1  | -9,700      | 0.5               | 3,535            | 3.5   | 15.4                              | -9,216                          | -2.6                                  | 22.1               |
| Top 1 Percent                    | 95.4  | -19,991     | 3.9               | 26,299           | 1.4   | 7.3                               | -17,209                         | -1.0                                  | 31.1               |
| Top 0.1 Percent                  | 87.1  | -72,154     | 12.6              | 69,801           | 1.0   | 2.3                               | -54,190                         | -0.7                                  | 33.0               |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-3).

Number of AMT Taxpayers (millions). Baseline: 21.7 Proposal: 3.3

\* Less than 0.05

\*\* Insufficient data

(1) Calendar year. Baseline is current law. Proposal would a) increase the AMT exemption amounts to \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing a separate return) and allow non-refundable credits against tentative AMT; b) extend the 2001 and 2003 tax cuts, including marriage penalty relief, expansion of child and dependent care tax credit, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 0%/15%/20% and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; and i) extend the 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Tax units with negative income are excluded from the lowest income class but are included in the totals. For a description of income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The 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 2012 dollars): 20% \$24,125; 40% \$48,424; 60% \$80,181; 80% \$133,185; 90% \$180,192; 95% \$252,055; 99% \$596,998; 99.9% \$2,858,701.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is 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 income.

**Table T12-0162**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal Plus 2013 AMT Patch and Extension of 2009 Estate Tax Law**

**Baseline: Current Law**  
**Distribution of Federal Tax Change by Income Percentile, 2013<sup>1</sup>**  
**Detail Table**

| 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                  | 37.9                              | 0.0               | 2.1   | 4.1                               | -268                       | -43.6   | -0.4                   | 0.6                | -2.0                                  | 2.6                |
| Second Quintile                  | 78.9                              | *                 | 2.3   | 9.8                               | -746                       | -19.2   | -0.5                   | 4.7                | -2.1                                  | 8.7                |
| Middle Quintile                  | 93.5                              | 0.0               | 2.3   | 14.0                              | -1,208                     | -12.1   | -0.3                   | 11.6               | -1.9                                  | 13.8               |
| Fourth Quintile                  | 98.8                              | 0.0               | 2.7   | 20.8                              | -2,257                     | -11.7   | -0.3                   | 17.8               | -2.2                                  | 16.3               |
| Top Quintile                     | 99.3                              | 0.3               | 2.8   | 51.2                              | -6,123                     | -8.2    | 1.4                    | 65.2               | -2.1                                  | 23.5               |
| All                              | 76.8                              | 0.1               | 2.6   | 100.0                             | -1,727                     | -10.2   | 0.0                    | 100.0              | -2.1                                  | 18.3               |
| <b>Addendum</b>                  |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                            | 99.6                              | 0.0               | 3.4   | 17.4                              | -4,151                     | -12.7   | -0.4                   | 13.7               | -2.7                                  | 18.4               |
| 90-95                            | 99.5                              | 0.2               | 3.3   | 11.1                              | -5,365                     | -11.6   | -0.2                   | 9.7                | -2.5                                  | 19.4               |
| 95-99                            | 99.1                              | 0.5               | 3.5   | 15.4                              | -9,216                     | -10.6   | -0.1                   | 14.8               | -2.6                                  | 22.1               |
| Top 1 Percent                    | 95.4                              | 3.9               | 1.4   | 7.3                               | -17,209                    | -3.0    | 2.0                    | 27.1               | -1.0                                  | 31.1               |
| Top 0.1 Percent                  | 87.1                              | 12.6              | 1.0   | 2.3                               | -54,190                    | -1.9    | 1.1                    | 13.5               | -0.7                                  | 33.0               |

**Baseline Distribution of Income and Federal Taxes**  
**by Income Percentile, 2013<sup>1</sup>**

| 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                  | 41,971                 | 26.5             | 13,406            | 4.3              | 616                | 1.0              | 12,790                        | 5.1              | 4.6                                   |  |
| Second Quintile                  | 35,970                 | 22.7             | 36,245            | 9.9              | 3,895              | 5.2              | 32,351                        | 11.1             | 10.8                                  |  |
| Middle Quintile                  | 31,622                 | 20.0             | 63,644            | 15.3             | 9,998              | 11.8             | 53,646                        | 16.2             | 15.7                                  |  |
| Fourth Quintile                  | 25,162                 | 15.9             | 104,502           | 20.0             | 19,266             | 18.1             | 85,236                        | 20.5             | 18.4                                  |  |
| Top Quintile                     | 22,869                 | 14.5             | 292,311           | 50.9             | 74,718             | 63.8             | 217,592                       | 47.5             | 25.6                                  |  |
| All                              | 158,260                | 100.0            | 83,068            | 100.0            | 16,925             | 100.0            | 66,143                        | 100.0            | 20.4                                  |  |
| <b>Addendum</b>                  |                        |                  |                   |                  |                    |                  |                               |                  |                                       |  |
| 80-90                            | 11,472                 | 7.3              | 155,802           | 13.6             | 32,783             | 14.0             | 123,019                       | 13.5             | 21.0                                  |  |
| 90-95                            | 5,670                  | 3.6              | 210,881           | 9.1              | 46,316             | 9.8              | 164,565                       | 8.9              | 22.0                                  |  |
| 95-99                            | 4,576                  | 2.9              | 351,008           | 12.2             | 86,936             | 14.9             | 264,072                       | 11.5             | 24.8                                  |  |
| Top 1 Percent                    | 1,151                  | 0.7              | 1,820,417         | 15.9             | 583,942            | 25.1             | 1,236,475                     | 13.6             | 32.1                                  |  |
| Top 0.1 Percent                  | 117                    | 0.1              | 8,392,360         | 7.5              | 2,820,368          | 12.4             | 5,571,992                     | 6.2              | 33.6                                  |  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-3).

Number of AMT Taxpayers (millions). Baseline: 21.7 Proposal: 3.3

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would a) increase the AMT exemption amounts to \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing a separate return) and allow non-refundable credits against tentative AMT; b) extend the 2001 and 2003 tax cuts, including marriage penalty relief, expansion of child and dependent care tax credit, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 0%/15%/20% and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; and i) extend the 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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(3) The 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 2012 dollars): 20% \$24,125; 40% \$48,424; 60% \$80,181; 80% \$133,185; 90% \$180,192; 95% \$252,055; 99% \$596,998; 99.9% \$2,858,701.

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**Baseline: Current Law**  
**Distribution of Federal Tax Change by Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**  
**Detail Table**

| 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                  | 39.0                              | 0.0               | 3.4   | 5.3                               | -419                       | -152.5  | -0.6                   | -0.2               | -3.4                                  | -1.2               |
| Second Quintile                  | 66.9                              | *                 | 2.7   | 9.6                               | -807                       | -27.5   | -0.7                   | 2.9                | -2.5                                  | 6.6                |
| Middle Quintile                  | 89.2                              | *                 | 2.2   | 12.1                              | -1,066                     | -13.3   | -0.3                   | 9.0                | -1.9                                  | 12.3               |
| Fourth Quintile                  | 98.2                              | 0.0               | 2.5   | 20.1                              | -1,847                     | -11.3   | -0.2                   | 17.9               | -2.1                                  | 16.1               |
| Top Quintile                     | 99.0                              | 0.3               | 2.7   | 52.7                              | -4,904                     | -7.9    | 1.8                    | 70.4               | -2.0                                  | 23.3               |
| All                              | 76.8                              | 0.1               | 2.6   | 100.0                             | -1,727                     | -10.2   | 0.0                    | 100.0              | -2.1                                  | 18.3               |
| <b>Addendum</b>                  |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                            | 99.1                              | 0.0               | 2.8   | 16.0                              | -2,978                     | -10.8   | -0.1                   | 14.9               | -2.2                                  | 18.4               |
| 90-95                            | 99.4                              | *                 | 3.0   | 11.7                              | -4,244                     | -10.5   | 0.0                    | 11.3               | -2.3                                  | 19.9               |
| 95-99                            | 99.0                              | 0.4               | 3.4   | 16.4                              | -7,677                     | -10.4   | 0.0                    | 16.1               | -2.5                                  | 21.9               |
| Top 1 Percent                    | 95.5                              | 3.7               | 1.6   | 8.7                               | -17,253                    | -3.4    | 2.0                    | 28.0               | -1.1                                  | 30.9               |
| Top 0.1 Percent                  | 87.5                              | 12.0              | 1.0   | 2.5                               | -50,001                    | -2.0    | 1.2                    | 14.1               | -0.7                                  | 33.0               |

**Baseline Distribution of Income and Federal Taxes**  
**by Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**

| 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                  | 34,769                 | 22.0             | 12,518            | 3.3              | 275                | 0.4              | 12,244                        | 4.1              | 2.2                                   |  |
| Second Quintile                  | 32,569                 | 20.6             | 32,468            | 8.0              | 2,935              | 3.6              | 29,534                        | 9.2              | 9.0                                   |  |
| Middle Quintile                  | 31,107                 | 19.7             | 56,462            | 13.4             | 7,995              | 9.3              | 48,467                        | 14.4             | 14.2                                  |  |
| Fourth Quintile                  | 29,758                 | 18.8             | 89,808            | 20.3             | 16,308             | 18.1             | 73,500                        | 20.9             | 18.2                                  |  |
| Top Quintile                     | 29,391                 | 18.6             | 247,408           | 55.3             | 62,482             | 68.6             | 184,926                       | 51.9             | 25.3                                  |  |
| All                              | 158,260                | 100.0            | 83,068            | 100.0            | 16,925             | 100.0            | 66,143                        | 100.0            | 20.4                                  |  |
| <b>Addendum</b>                  |                        |                  |                   |                  |                    |                  |                               |                  |                                       |  |
| 80-90                            | 14,652                 | 9.3              | 133,237           | 14.9             | 27,472             | 15.0             | 105,765                       | 14.8             | 20.6                                  |  |
| 90-95                            | 7,515                  | 4.8              | 181,507           | 10.4             | 40,338             | 11.3             | 141,169                       | 10.1             | 22.2                                  |  |
| 95-99                            | 5,851                  | 3.7              | 302,672           | 13.5             | 74,044             | 16.2             | 228,629                       | 12.8             | 24.5                                  |  |
| Top 1 Percent                    | 1,373                  | 0.9              | 1,590,841         | 16.6             | 507,982            | 26.0             | 1,082,858                     | 14.2             | 31.9                                  |  |
| Top 0.1 Percent                  | 139                    | 0.1              | 7,397,802         | 7.8              | 2,488,836          | 12.9             | 4,908,967                     | 6.5              | 33.6                                  |  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-3).

Number of AMT Taxpayers (millions). Baseline: 21.7 Proposal: 3.3

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would a) increase the AMT exemption amounts to \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing a separate return) and allow non-refundable credits against tentative AMT; b) extend the 2001 and 2003 tax cuts, including marriage penalty relief, expansion of child and dependent care tax credit, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 0%/15%/20% and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; and i) extend the 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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

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(3) The 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 2012 dollars): 20% \$16,596; 40% \$31,921; 60% \$50,160; 80% \$78,784; 90% \$109,140; 95% \$150,645; 99% \$349,271; 99.9% \$1,697,732.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is 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 income.

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**Proposal Plus 2013 AMT Patch and Extension of 2009 Estate Tax Law**

**Baseline: Current Law**  
**Distribution of Federal Tax Change by Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**  
**Detail Table - Single Tax Units**

| 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                  | 24.3                              | 0.0               | 1.4   | 4.9                               | -125                       | -21.2   | -0.3                   | 1.7                | -1.3                                  | 4.7                |
| Second Quintile                  | 54.9                              | *                 | 1.2   | 8.2                               | -263                       | -10.6   | -0.2                   | 6.5                | -1.1                                  | 9.0                |
| Middle Quintile                  | 90.0                              | *                 | 1.3   | 11.1                              | -453                       | -7.1    | 0.2                    | 13.6               | -1.1                                  | 14.3               |
| Fourth Quintile                  | 98.0                              | 0.0               | 1.6   | 17.3                              | -826                       | -6.5    | 0.5                    | 23.2               | -1.3                                  | 18.4               |
| Top Quintile                     | 98.5                              | 0.1               | 3.4   | 58.4                              | -3,909                     | -9.1    | -0.3                   | 54.9               | -2.5                                  | 24.5               |
| All                              | 63.7                              | *                 | 2.1   | 100.0                             | -758                       | -8.6    | 0.0                    | 100.0              | -1.7                                  | 18.2               |
| <b>Addendum</b>                  |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                            | 98.5                              | 0.0               | 2.5   | 14.5                              | -1,838                     | -8.7    | 0.0                    | 14.2               | -2.0                                  | 20.6               |
| 90-95                            | 98.9                              | 0.0               | 3.5   | 12.6                              | -3,383                     | -10.6   | -0.2                   | 10.0               | -2.6                                  | 22.0               |
| 95-99                            | 98.8                              | *                 | 4.7   | 20.0                              | -7,140                     | -13.0   | -0.6                   | 12.6               | -3.4                                  | 23.0               |
| Top 1 Percent                    | 95.9                              | 2.6               | 3.0   | 11.3                              | -20,914                    | -5.5    | 0.6                    | 18.2               | -1.9                                  | 33.2               |
| Top 0.1 Percent                  | 86.5                              | 13.0              | 1.1   | 2.0                               | -37,538                    | -1.9    | 0.6                    | 9.5                | -0.7                                  | 36.0               |

**Baseline Distribution of Income and Federal Taxes**  
**by Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**

| 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                  | 21,632                 | 30.0             | 9,749             | 6.6              | 587                | 2.0              | 9,162                         | 7.7              | 6.0                                   |  |
| Second Quintile                  | 17,103                 | 23.7             | 24,450            | 13.1             | 2,468              | 6.6              | 21,982                        | 14.6             | 10.1                                  |  |
| Middle Quintile                  | 13,372                 | 18.6             | 41,483            | 17.3             | 6,388              | 13.4             | 35,095                        | 18.3             | 15.4                                  |  |
| Fourth Quintile                  | 11,409                 | 15.8             | 64,084            | 22.8             | 12,636             | 22.7             | 51,449                        | 22.9             | 19.7                                  |  |
| Top Quintile                     | 8,154                  | 11.3             | 159,695           | 40.7             | 43,054             | 55.2             | 116,641                       | 37.1             | 27.0                                  |  |
| All                              | 72,035                 | 100.0            | 44,475            | 100.0            | 8,834              | 100.0            | 35,641                        | 100.0            | 19.9                                  |  |
| <b>Addendum</b>                  |                        |                  |                   |                  |                    |                  |                               |                  |                                       |  |
| 80-90                            | 4,293                  | 6.0              | 93,366            | 12.5             | 21,023             | 14.2             | 72,343                        | 12.1             | 22.5                                  |  |
| 90-95                            | 2,037                  | 2.8              | 129,733           | 8.3              | 31,866             | 10.2             | 97,867                        | 7.8              | 24.6                                  |  |
| 95-99                            | 1,529                  | 2.1              | 208,423           | 9.9              | 54,987             | 13.2             | 153,436                       | 9.1              | 26.4                                  |  |
| Top 1 Percent                    | 295                    | 0.4              | 1,078,755         | 9.9              | 378,876            | 17.6             | 699,879                       | 8.1              | 35.1                                  |  |
| Top 0.1 Percent                  | 29                     | 0.0              | 5,264,934         | 4.8              | 1,930,527          | 8.9              | 3,334,408                     | 3.8              | 36.7                                  |  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-3).

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would a) increase the AMT exemption amounts to \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing a separate return) and allow non-refundable credits against tentative AMT; b) extend the 2001 and 2003 tax cuts, including marriage penalty relief, expansion of child and dependent care tax credit, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 0%/15%/20% and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; and i) extend the 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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

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

(3) The 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 2012 dollars): 20% \$16,596; 40% \$31,921; 60% \$50,160; 80% \$78,784; 90% \$109,140; 95% \$150,645; 99% \$349,271; 99.9% \$1,697,732.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is 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 income.

**Table T12-0162**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal Plus 2013 AMT Patch and Extension of 2009 Estate Tax Law**

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

| 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                  | 42.4                              | 0.0               | 4.8   | 2.3                               | -839                       | -167.4  | -0.2                   | -0.1               | -4.6                                  | -1.9               |
| Second Quintile                  | 68.8                              | 0.0               | 3.7   | 6.5                               | -1,492                     | -38.6   | -0.5                   | 1.1                | -3.4                                  | 5.3                |
| Middle Quintile                  | 84.6                              | 0.0               | 2.5   | 10.6                              | -1,535                     | -16.8   | -0.5                   | 5.7                | -2.2                                  | 10.6               |
| Fourth Quintile                  | 98.1                              | 0.0               | 2.8   | 21.6                              | -2,575                     | -13.6   | -0.6                   | 15.1               | -2.3                                  | 14.9               |
| Top Quintile                     | 99.4                              | 0.2               | 2.5   | 58.9                              | -5,430                     | -7.7    | 1.9                    | 78.0               | -1.9                                  | 22.9               |
| All                              | 87.0                              | 0.1               | 2.7   | 100.0                             | -2,997                     | -9.9    | 0.0                    | 100.0              | -2.1                                  | 19.2               |
| <b>Addendum</b>                  |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                            | 99.4                              | 0.0               | 2.9   | 18.3                              | -3,521                     | -11.6   | -0.3                   | 15.4               | -2.3                                  | 17.6               |
| 90-95                            | 99.7                              | 0.0               | 2.9   | 13.1                              | -4,635                     | -10.6   | -0.1                   | 12.2               | -2.3                                  | 19.2               |
| 95-99                            | 99.6                              | *                 | 3.1   | 18.2                              | -8,074                     | -9.9    | 0.0                    | 18.2               | -2.4                                  | 21.6               |
| Top 1 Percent                    | 96.2                              | 3.3               | 1.4   | 9.3                               | -16,526                    | -3.1    | 2.3                    | 32.4               | -1.0                                  | 30.4               |
| Top 0.1 Percent                  | 88.2                              | 11.4              | 1.0   | 3.1                               | -54,739                    | -2.1    | 1.3                    | 15.9               | -0.7                                  | 32.5               |

**Baseline Distribution of Income and Federal Taxes**  
**by Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**

| 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                  | 5,058                  | 8.3              | 18,078            | 1.1              | 501                | 0.1              | 17,576                        | 1.3              | 2.8                                   |
| Second Quintile                  | 7,907                  | 13.0             | 44,396            | 4.1              | 3,861              | 1.7              | 40,535                        | 4.7              | 8.7                                   |
| Middle Quintile                  | 12,517                 | 20.6             | 71,333            | 10.3             | 9,114              | 6.2              | 62,219                        | 11.4             | 12.8                                  |
| Fourth Quintile                  | 15,281                 | 25.2             | 110,309           | 19.5             | 19,011             | 15.8             | 91,298                        | 20.5             | 17.2                                  |
| Top Quintile                     | 19,753                 | 32.5             | 286,327           | 65.4             | 70,995             | 76.1             | 215,332                       | 62.5             | 24.8                                  |
| All                              | 60,744                 | 100.0            | 142,360           | 100.0            | 30,324             | 100.0            | 112,036                       | 100.0            | 21.3                                  |
| <b>Addendum</b>                  |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| 80-90                            | 9,475                  | 15.6             | 152,668           | 16.7             | 30,439             | 15.7             | 122,229                       | 17.0             | 19.9                                  |
| 90-95                            | 5,151                  | 8.5              | 203,608           | 12.1             | 43,811             | 12.3             | 159,797                       | 12.1             | 21.5                                  |
| 95-99                            | 4,104                  | 6.8              | 340,075           | 16.1             | 81,475             | 18.2             | 258,600                       | 15.6             | 24.0                                  |
| Top 1 Percent                    | 1,022                  | 1.7              | 1,726,181         | 20.4             | 541,790            | 30.1             | 1,184,391                     | 17.8             | 31.4                                  |
| Top 0.1 Percent                  | 102                    | 0.2              | 7,928,538         | 9.4              | 2,629,493          | 14.6             | 5,299,045                     | 8.0              | 33.2                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-3).

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would a) increase the AMT exemption amounts to \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing a separate return) and allow non-refundable credits against tentative AMT; b) extend the 2001 and 2003 tax cuts, including marriage penalty relief, expansion of child and dependent care tax credit, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 0%/15%/20% and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; and i) extend the 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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

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(3) The 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 2012 dollars): 20% \$16,596; 40% \$31,921; 60% \$50,160; 80% \$78,784; 90% \$109,140; 95% \$150,645; 99% \$349,271; 99.9% \$1,697,732.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is 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 income.

**Table T12-0162**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal Plus 2013 AMT Patch and Extension of 2009 Estate Tax Law**

**Baseline: Current Law**  
**Distribution of Federal Tax Change by Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

| 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                  | 77.2                              | 0.0               | 5.6   | 24.3                              | -963                       | 125.4   | -7.5                   | -11.6              | -5.8                                  | -10.4              |
| Second Quintile                  | 92.5                              | *                 | 3.7   | 30.4                              | -1,330                     | -45.8   | -4.4                   | 9.5                | -3.4                                  | 4.1                |
| Middle Quintile                  | 98.1                              | 0.0               | 2.8   | 21.4                              | -1,449                     | -15.4   | 2.1                    | 31.2               | -2.4                                  | 13.2               |
| Fourth Quintile                  | 99.5                              | 0.0               | 2.5   | 13.8                              | -1,757                     | -10.6   | 3.6                    | 31.0               | -2.0                                  | 17.2               |
| Top Quintile                     | 98.9                              | 0.1               | 2.1   | 10.1                              | -3,052                     | -6.3    | 6.2                    | 39.7               | -1.6                                  | 23.4               |
| All                              | 89.3                              | *                 | 3.3   | 100.0                             | -1,349                     | -20.9   | 0.0                    | 100.0              | -2.9                                  | 10.8               |
| <b>Addendum</b>                  |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                            | 98.8                              | 0.0               | 2.2   | 4.6                               | -2,187                     | -7.9    | 2.0                    | 14.1               | -1.7                                  | 20.2               |
| 90-95                            | 99.9                              | 0.0               | 2.4   | 1.9                               | -3,141                     | -8.0    | 0.8                    | 5.9                | -1.8                                  | 21.0               |
| 95-99                            | 99.1                              | 0.2               | 2.5   | 2.5                               | -5,049                     | -7.4    | 1.2                    | 8.3                | -1.9                                  | 23.4               |
| Top 1 Percent                    | 94.3                              | 4.3               | 1.1   | 1.0                               | -11,498                    | -2.3    | 2.2                    | 11.4               | -0.8                                  | 31.3               |
| Top 0.1 Percent                  | 84.2                              | 15.6              | 0.5   | 0.2                               | -23,322                    | -0.9    | 1.2                    | 5.7                | -0.3                                  | 33.1               |

**Baseline Distribution of Income and Federal Taxes**  
**by Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**

| 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                  | 7,853                  | 34.0             | 16,583            | 11.9             | -768               | -4.1             | 17,350                        | 14.4             | -4.6                                  |
| Second Quintile                  | 7,113                  | 30.8             | 38,657            | 25.1             | 2,903              | 13.9             | 35,754                        | 26.9             | 7.5                                   |
| Middle Quintile                  | 4,602                  | 19.9             | 60,601            | 25.5             | 9,436              | 29.2             | 51,165                        | 24.9             | 15.6                                  |
| Fourth Quintile                  | 2,452                  | 10.6             | 86,842            | 19.4             | 16,652             | 27.4             | 70,190                        | 18.2             | 19.2                                  |
| Top Quintile                     | 1,028                  | 4.5              | 194,442           | 18.3             | 48,527             | 33.5             | 145,915                       | 15.9             | 25.0                                  |
| All                              | 23,101                 | 100.0            | 47,399            | 100.0            | 6,443              | 100.0            | 40,956                        | 100.0            | 13.6                                  |
| <b>Addendum</b>                  |                        |                  |                   |                  |                    |                  |                               |                  |                                       |
| 80-90                            | 652                    | 2.8              | 126,141           | 7.5              | 27,682             | 12.1             | 98,459                        | 6.8              | 22.0                                  |
| 90-95                            | 193                    | 0.8              | 171,752           | 3.0              | 39,280             | 5.1              | 132,472                       | 2.7              | 22.9                                  |
| 95-99                            | 156                    | 0.7              | 268,596           | 3.8              | 67,907             | 7.1              | 200,689                       | 3.3              | 25.3                                  |
| Top 1 Percent                    | 28                     | 0.1              | 1,532,857         | 3.9              | 491,160            | 9.2              | 1,041,697                     | 3.1              | 32.0                                  |
| Top 0.1 Percent                  | 3                      | 0.0              | 7,432,229         | 1.9              | 2,479,677          | 4.6              | 4,952,552                     | 1.4              | 33.4                                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-3).

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would a) increase the AMT exemption amounts to \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing a separate return) and allow non-refundable credits against tentative AMT; b) extend the 2001 and 2003 tax cuts, including marriage penalty relief, expansion of child and dependent care tax credit, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 0%/15%/20% and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; and i) extend the 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is 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 income.

**Table T12-0162**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal Plus 2013 AMT Patch and Extension of 2009 Estate Tax Law**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**  
**Detail Table - Tax Units with Children**

| Income Percentile <sup>2,3</sup> | Percent of Tax Units <sup>4</sup> |                   | Percent Change<br>in After-Tax<br>Income <sup>5</sup> | Share of Total<br>Federal Tax<br>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 (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Lowest Quintile                  | 77.1                              | 0.0               | 6.2   | 8.4                                     | -1,138                     | 128.6   | -1.4                   | -2.3                  | -6.5                                  | -11.6                 |
| Second Quintile                  | 94.9                              | *                 | 4.7   | 14.2                                    | -1,891                     | -51.7   | -1.6                   | 2.0                   | -4.3                                  | 4.0                   |
| Middle Quintile                  | 99.2                              | 0.0               | 3.4   | 15.5                                    | -2,195                     | -18.8   | -0.7                   | 10.3                  | -2.9                                  | 12.5                  |
| Fourth Quintile                  | 99.8                              | 0.0               | 3.6   | 24.4                                    | -3,510                     | -15.4   | -0.5                   | 20.4                  | -2.9                                  | 16.1                  |
| Top Quintile                     | 99.6                              | 0.3               | 2.6   | 37.3                                    | -6,254                     | -7.6    | 4.3                    | 69.5                  | -2.0                                  | 23.9                  |
| All                              | 93.7                              | 0.1               | 3.4   | 100.0                                   | -2,855                     | -13.2   | 0.0                    | 100.0                 | -2.7                                  | 17.6                  |
| <b>Addendum</b>                  |                                   |                   |   |   |                            |         |                        |                       |                                       |                       |
| 80-90                            | 99.9                              | 0.0               | 3.4   | 15.0                                    | -4,652                     | -12.7   | 0.1                    | 15.7                  | -2.7                                  | 18.5                  |
| 90-95                            | 99.8                              | 0.1               | 3.3   | 8.2                                     | -6,204                     | -11.2   | 0.2                    | 9.9                   | -2.6                                  | 20.2                  |
| 95-99                            | 99.3                              | 0.4               | 3.0   | 10.1                                    | -8,871                     | -8.9    | 0.8                    | 15.8                  | -2.2                                  | 23.0                  |
| Top 1 Percent                    | 95.8                              | 3.7               | 1.0   | 4.1                                     | -13,895                    | -2.2    | 3.2                    | 28.1                  | -0.7                                  | 31.7                  |
| Top 0.1 Percent                  | 86.6                              | 13.2              | 0.7   | 1.2                                     | -43,034                    | -1.4    | 1.6                    | 13.0                  | -0.5                                  | 33.2                  |

**Baseline Distribution of Income and Federal Taxes**  
**by Income Percentile Adjusted for Family Size, 2013<sup>1</sup>**

| Income Percentile <sup>2,3</sup> | Tax Units <sup>4</sup> |                     | Pre-Tax Income       |                     | Federal Tax Burden |                     | After-Tax Income <sup>5</sup> |                     | Average<br>Federal Tax<br>Rate <sup>6</sup> |  |
|----------------------------------|------------------------|---------------------|----------------------|---------------------|--------------------|---------------------|-------------------------------|---------------------|---|--|
|                                  | Number<br>(thousands)  | Percent of<br>Total | Average<br>(dollars) | Percent of<br>Total | Average (dollars)  | Percent of<br>Total | Average (dollars)             | Percent of<br>Total |   |  |
| Lowest Quintile                  | 10,614                 | 21.2                | 17,423               | 3.5                 | -885               | -0.9                | 18,308                        | 4.6                 | -5.1  |  |
| Second Quintile                  | 10,772                 | 21.5                | 44,074               | 8.9                 | 3,657              | 3.6                 | 40,417                        | 10.2                | 8.3   |  |
| Middle Quintile                  | 10,131                 | 20.2                | 75,908               | 14.4                | 11,703             | 11.0                | 64,205                        | 15.3                | 15.4  |  |
| Fourth Quintile                  | 9,943                  | 19.8                | 120,141              | 22.4                | 22,813             | 21.0                | 97,327                        | 22.7                | 19.0  |  |
| Top Quintile                     | 8,545                  | 17.0                | 319,974              | 51.2                | 82,640             | 65.2                | 237,334                       | 47.6                | 25.8  |  |
| All                              | 50,150                 | 100.0               | 106,480              | 100.0               | 21,587             | 100.0               | 84,892                        | 100.0               | 20.3  |  |
| <b>Addendum</b>                  |                        |                     |                      |                     |                    |                     |                               |                     |   |  |
| 80-90                            | 4,601                  | 9.2                 | 172,811              | 14.9                | 36,644             | 15.6                | 136,167                       | 14.7                | 21.2  |  |
| 90-95                            | 1,899                  | 3.8                 | 242,779              | 8.6                 | 55,227             | 9.7                 | 187,552                       | 8.4                 | 22.8  |  |
| 95-99                            | 1,624                  | 3.2                 | 396,122              | 12.1                | 100,059            | 15.0                | 296,063                       | 11.3                | 25.3  |  |
| Top 1 Percent                    | 421                    | 0.8                 | 1,981,464            | 15.6                | 641,347            | 25.0                | 1,340,117                     | 13.3                | 32.4  |  |
| Top 0.1 Percent                  | 40                     | 0.1                 | 9,255,195            | 6.9                 | 3,115,188          | 11.4                | 6,140,007                     | 5.7                 | 33.7  |  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-3).

\* Less than 0.05

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Baseline is current law. Proposal would a) increase the AMT exemption amounts to \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing a separate return) and allow non-refundable credits against tentative AMT; b) extend the 2001 and 2003 tax cuts, including marriage penalty relief, expansion of child and dependent care tax credit, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 0%/15%/20% and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; and i) extend the 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Tax units with negative income are excluded from the lowest income class but are included in the totals. For a description of income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The 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 2012 dollars): 20% \$16,596; 40% \$31,921; 60% \$50,160; 80% \$78,784; 90% \$109,140; 95% \$150,645; 99% \$349,271; 99.9% \$1,697,732.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is 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 income.

**Table T12-0162**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal Plus 2013 AMT Patch and Extension of 2009 Estate Tax Law**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**  
**Detail Table - Elderly Tax Units**

| Income Percentile <sup>2,3</sup> | Percent of Tax Units <sup>4</sup> |                   | Percent Change<br>in After-Tax<br>Income <sup>5</sup> | Share of Total<br>Federal Tax<br>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 (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Lowest Quintile                  | 1.4                               | 0.0               | 0.1   | 0.2                                     | -14                        | -9.6    | 0.0                    | 0.2                   | -0.1                                  | 1.1                   |
| Second Quintile                  | 11.4                              | 0.0               | 0.3   | 1.2                                     | -77                        | -11.7   | 0.0                    | 1.3                   | -0.3                                  | 2.2                   |
| Middle Quintile                  | 67.2                              | 0.0               | 0.9   | 5.8                                     | -416                       | -13.5   | -0.1                   | 5.2                   | -0.8                                  | 5.3                   |
| Fourth Quintile                  | 94.0                              | 0.0               | 1.9   | 14.4                                    | -1,343                     | -14.1   | -0.3                   | 12.2                  | -1.7                                  | 10.1                  |
| Top Quintile                     | 97.8                              | 0.3               | 3.7   | 78.4                                    | -6,702                     | -11.8   | 0.3                    | 81.1                  | -2.8                                  | 21.0                  |
| All                              | 51.8                              | 0.1               | 2.4   | 100.0                                   | -1,577                     | -12.2   | 0.0                    | 100.0                 | -2.0                                  | 14.7                  |
| <b>Addendum</b>                  |                                   |                   |   |   |                            |         |                        |                       |                                       |                       |
| 80-90                            | 97.1                              | 0.0               | 3.1   | 17.0                                    | -3,096                     | -15.7   | -0.5                   | 12.6                  | -2.6                                  | 13.8                  |
| 90-95                            | 98.9                              | 0.0               | 3.9   | 15.6                                    | -5,265                     | -16.3   | -0.6                   | 11.1                  | -3.2                                  | 16.3                  |
| 95-99                            | 98.7                              | 0.3               | 4.9   | 27.2                                    | -10,510                    | -16.3   | -1.0                   | 19.2                  | -3.8                                  | 19.4                  |
| Top 1 Percent                    | 95.6                              | 3.8               | 3.0   | 18.6                                    | -27,991                    | -6.3    | 2.4                    | 38.2                  | -2.0                                  | 29.9                  |
| Top 0.1 Percent                  | 86.4                              | 13.1              | 1.8   | 5.1                                     | -79,934                    | -3.5    | 1.7                    | 19.4                  | -1.2                                  | 32.6                  |

**Baseline Distribution of Income and Federal Taxes**  
**by Income Percentile Adjusted for Family Size, 2013 <sup>1</sup>**

| Income Percentile <sup>2,3</sup> | Tax Units <sup>4</sup> |                     | Pre-Tax Income       |                     | Federal Tax Burden |                     | After-Tax Income <sup>5</sup> |                     | Average<br>Federal Tax<br>Rate <sup>6</sup> |  |
|----------------------------------|------------------------|---------------------|----------------------|---------------------|--------------------|---------------------|-------------------------------|---------------------|---|--|
|                                  | Number<br>(thousands)  | Percent of<br>Total | Average<br>(dollars) | Percent of<br>Total | Average (dollars)  | Percent of<br>Total | Average (dollars)             | Percent of<br>Total |   |  |
| Lowest Quintile                  | 6,267                  | 17.8                | 12,469               | 2.9                 | 146                | 0.2                 | 12,323                        | 3.4                 | 1.2   |  |
| Second Quintile                  | 8,703                  | 24.8                | 26,837               | 8.6                 | 660                | 1.3                 | 26,177                        | 10.0                | 2.5   |  |
| Middle Quintile                  | 7,722                  | 22.0                | 50,187               | 14.2                | 3,092              | 5.2                 | 47,095                        | 16.0                | 6.2   |  |
| Fourth Quintile                  | 5,946                  | 16.9                | 81,150               | 17.7                | 9,544              | 12.4                | 71,606                        | 18.8                | 11.8  |  |
| Top Quintile                     | 6,478                  | 18.4                | 238,690              | 56.8                | 56,877             | 80.8                | 181,813                       | 51.9                | 23.8  |  |
| All                              | 35,135                 | 100.0               | 77,552               | 100.0               | 12,981             | 100.0               | 64,571                        | 100.0               | 16.7  |  |
| <b>Addendum</b>                  |                        |                     |                      |                     |                    |                     |                               |                     |   |  |
| 80-90                            | 3,034                  | 8.6                 | 120,467              | 13.4                | 19,762             | 13.2                | 100,705                       | 13.5                | 16.4  |  |
| 90-95                            | 1,643                  | 4.7                 | 165,797              | 10.0                | 32,267             | 11.6                | 133,531                       | 9.7                 | 19.5  |  |
| 95-99                            | 1,433                  | 4.1                 | 276,973              | 14.6                | 64,309             | 20.2                | 212,665                       | 13.4                | 23.2  |  |
| Top 1 Percent                    | 369                    | 1.1                 | 1,387,789            | 18.8                | 443,145            | 35.8                | 944,643                       | 15.4                | 31.9  |  |
| Top 0.1 Percent                  | 35                     | 0.1                 | 6,729,710            | 8.7                 | 2,275,237          | 17.7                | 4,454,473                     | 7.0                 | 33.8  |  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-3).

\* Less than 0.05

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

(1) Calendar year. Baseline is current law. Proposal would a) increase the AMT exemption amounts to \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing a separate return) and allow non-refundable credits against tentative AMT; b) extend the 2001 and 2003 tax cuts, including marriage penalty relief, expansion of child and dependent care tax credit, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 0%/15%/20% and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; and i) extend the 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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