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**Table T12-0301**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal As Introduced (No 2013 AMT Patch and Pre-2001 Estate Tax Law)**

**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

Baseline: S.3412 as Introduced

Distribution of Federal Tax Change by Cash Income Level, 2013 <sup>1</sup>

Summary Table

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Tax Units with Tax Increase or Cut <sup>3</sup> |             |                     |                     | Percent<br>Change in<br>After-Tax<br>Income <sup>4</sup> | Share of<br>Total<br>Federal Tax<br>Change | Average<br>Federal Tax<br>Change (\$) | Average Federal Tax Rate <sup>5</sup> |                       |
|--|---|-------------|---------------------|---------------------|--|--|---------------------------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                                    |             | With Tax Increase   |                     |  |  |                                       | Change (%)<br>Points)                 | Under the<br>Proposal |
|  | Pct of Tax<br>Units                             | Avg Tax Cut | Pct of Tax<br>Units | Avg Tax<br>Increase |  |  |                                       |                                       |                       |
| Less than 10   | 0.0   | 0           | 0.0                 | 0                   | 0.0  | 0.0  | 0                                     | 0.0                                   | 2.9                   |
| 10-20  | 0.0   | 0           | 0.0                 | 0                   | 0.0  | 0.0  | 0                                     | 0.0                                   | 1.6                   |
| 20-30  | 0.0   | 0           | 0.0                 | 0                   | 0.0  | 0.0  | 0                                     | 0.0                                   | 6.9                   |
| 30-40  | 0.0   | 0           | 0.0                 | 0                   | 0.0  | 0.0  | 0                                     | 0.0                                   | 11.7                  |
| 40-50  | 0.0   | 0           | 0.0                 | 0                   | 0.0  | 0.0  | 0                                     | 0.0                                   | 14.2                  |
| 50-75  | 0.0   | 0           | 0.0                 | 0                   | 0.0  | 0.0  | 0                                     | 0.0                                   | 17.5                  |
| 75-100   | 0.0   | 0           | 0.0                 | 0                   | 0.0  | 0.0  | 0                                     | 0.0                                   | 20.0                  |
| 100-200  | *   | **          | 0.0                 | 0                   | 0.0  | 0.0  | 0                                     | 0.0                                   | 23.8                  |
| 200-500  | 15.1  | -1,329      | 0.0                 | 0                   | 0.1  | 8.8  | -200                                  | -0.1                                  | 28.8                  |
| 500-1,000  | 85.6  | -8,470      | 0.0                 | 0                   | 1.6  | 48.7                                       | -7,252                                | -1.1                                  | 32.0                  |
| More than 1,000  | 95.1  | -11,165     | 0.0                 | 0                   | 0.5  | 42.4                                       | -10,615                               | -0.3                                  | 38.0                  |
| All  | 1.1   | -6,155      | 0.0                 | 0                   | 0.1  | 100.0                                      | -68                                   | -0.1                                  | 22.5                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-7).

Number of AMT Taxpayers (millions). Baseline: 33.5

Proposal: 33.7

\* Less than 0.05

\*\* Insufficient data

(1) Calendar year. Baseline is S.3412 as introduced. Proposal would: a) reinstate 2012 tax rates but raise the 35 percent rate to 39.6 percent beginning at a threshold of \$400,000 (single), \$500,000 (married), or \$450,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) raise PEP and Pease thresholds to \$500,000 of AGI (married) and \$400,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the new top bracket. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(4) 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.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

**Table T12-0301**  
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**Proposal As Introduced (No 2013 AMT Patch and Pre-2001 Estate Tax Law)**

**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

Baseline: S.3412 As Introduced  
**Distribution of Federal Tax Change by Cash Income Level, 2013 <sup>1</sup>**  
**Detail Table**

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                      | Percent Change<br>in After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes |                       | Average Federal Tax Rate <sup>5</sup> |                       |
|--|-----------------------------------|----------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                      | With Tax<br>Increase |   |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Less than 10   | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.1                   | 0.0                                   | 2.9                   |
| 10-20  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.2                   | 0.0                                   | 1.6                   |
| 20-30  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 1.4                   | 0.0                                   | 6.9                   |
| 30-40  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 2.9                   | 0.0                                   | 11.7                  |
| 40-50  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 3.6                   | 0.0                                   | 14.2                  |
| 50-75  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.1                    | 11.2                  | 0.0                                   | 17.5                  |
| 75-100   | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.1                    | 10.4                  | 0.0                                   | 20.0                  |
| 100-200  | *                                 | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.1                    | 25.9                  | 0.0                                   | 23.8                  |
| 200-500  | 15.1                              | 0.0                  | 0.1   | 8.8                                     | -200                       | -0.2    | 0.0                    | 15.8                  | -0.1                                  | 28.8                  |
| 500-1,000  | 85.6                              | 0.0                  | 1.6   | 48.7                                    | -7,252                     | -3.2    | -0.2                   | 6.4                   | -1.1                                  | 32.0                  |
| More than 1,000  | 95.1                              | 0.0                  | 0.5   | 42.4                                    | -10,615                    | -0.8    | -0.1                   | 21.9                  | -0.3                                  | 38.0                  |
| All  | 1.1                               | 0.0                  | 0.1   | 100.0                                   | -68                        | -0.4    | 0.0                    | 100.0                 | -0.1                                  | 22.5                  |

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

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Tax Units             |                     | Pre-Tax Income    |                     | Federal Tax Burden |                     | After-Tax Income <sup>4</sup> |                     | Average<br>Federal Tax<br>Rate <sup>5</sup> |
|--|-----------------------|---------------------|-------------------|---------------------|--------------------|---------------------|-------------------------------|---------------------|---|
|  | Number<br>(thousands) | Percent of<br>Total | Average (dollars) | Percent of<br>Total | Average (dollars)  | Percent of<br>Total | Average (dollars)             | Percent of<br>Total |   |
| Less than 10   | 16,041                | 10.1                | 5,390             | 0.8                 | 157                | 0.1                 | 5,233                         | 1.0                 | 2.9   |
| 10-20  | 24,243                | 15.3                | 15,105            | 3.3                 | 247                | 0.2                 | 14,858                        | 4.2                 | 1.6   |
| 20-30  | 19,317                | 12.2                | 25,084            | 4.4                 | 1,727              | 1.3                 | 23,356                        | 5.3                 | 6.9   |
| 30-40  | 17,482                | 11.1                | 35,579            | 5.7                 | 4,174              | 2.9                 | 31,405                        | 6.5                 | 11.7  |
| 40-50  | 13,879                | 8.8                 | 45,612            | 5.8                 | 6,477              | 3.6                 | 39,136                        | 6.4                 | 14.2  |
| 50-75  | 25,633                | 16.2                | 62,053            | 14.5                | 10,842             | 11.2                | 51,210                        | 15.4                | 17.5  |
| 75-100   | 14,610                | 9.2                 | 88,235            | 11.7                | 17,681             | 10.4                | 70,554                        | 12.1                | 20.0  |
| 100-200  | 20,204                | 12.8                | 133,782           | 24.6                | 31,840             | 25.8                | 101,942                       | 24.2                | 23.8  |
| 200-500  | 4,780                 | 3.0                 | 283,732           | 12.3                | 82,004             | 15.7                | 201,727                       | 11.3                | 28.9  |
| 500-1,000  | 728                   | 0.5                 | 683,264           | 4.5                 | 225,620            | 6.6                 | 457,644                       | 3.9                 | 33.0  |
| More than 1,000  | 433                   | 0.3                 | 3,295,487         | 13.0                | 1,262,779          | 22.0                | 2,032,708                     | 10.3                | 38.3  |
| All  | 158,260               | 100.0               | 69,527            | 100.0               | 15,741             | 100.0               | 53,785                        | 100.0               | 22.6  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-7).

Number of AMT Taxpayers (millions). Baseline: 33.5

Proposal: 33.7

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 as introduced. Proposal would: a) reinstate 2012 tax rates but raise the 35 percent rate to 39.6 percent beginning at a threshold of \$400,000 (single), \$500,000 (married), or \$450,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) raise PEP and Pease thresholds to \$500,000 of AGI (married) and \$400,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the new top bracket. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(4) 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.

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**Baseline: S.3412 As Introduced**

**Distribution of Federal Tax Change by Cash Income Level, 2013 <sup>1</sup>**

**Detail Table - Single Tax Units**

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                   | Percent Change<br>in After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes |                       | Average Federal Tax Rate <sup>5</sup> |                       |
|--|-----------------------------------|-------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                      | With Tax Increase |   |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Less than 10   | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.7                   | 0.0                                   | 6.8                   |
| 10-20  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 2.6                   | 0.0                                   | 6.4                   |
| 20-30  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 5.5                   | 0.0                                   | 11.7                  |
| 30-40  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 8.5                   | 0.0                                   | 15.3                  |
| 40-50  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 9.0                   | 0.0                                   | 19.0                  |
| 50-75  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.1                    | 20.7                  | 0.0                                   | 21.9                  |
| 75-100   | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 11.2                  | 0.0                                   | 24.6                  |
| 100-200  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 16.4                  | 0.0                                   | 27.0                  |
| 200-500  | 34.2                              | 0.0               | 0.4   | 26.3                                    | -674                       | -0.7    | 0.0                    | 9.1                   | -0.2                                  | 32.8                  |
| 500-1,000  | 91.8                              | 0.0               | 1.6   | 42.2                                    | -7,097                     | -2.8    | -0.1                   | 3.6                   | -1.0                                  | 35.8                  |
| More than 1,000  | 95.4                              | 0.0               | 0.4   | 31.5                                    | -8,439                     | -0.6    | -0.1                   | 12.6                  | -0.3                                  | 41.4                  |
| All  | 0.5                               | 0.0               | 0.1   | 100.0                                   | -21                        | -0.3    | 0.0                    | 100.0                 | -0.1                                  | 21.4                  |

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

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Tax Units             |                     | Pre-Tax Income    |                     | Federal Tax Burden |                     | After-Tax Income <sup>4</sup> |                     | Average<br>Federal Tax<br>Rate <sup>5</sup> |
|--|-----------------------|---------------------|-------------------|---------------------|--------------------|---------------------|-------------------------------|---------------------|---|
|  | Number<br>(thousands) | Percent of<br>Total | Average (dollars) | Percent of<br>Total | Average (dollars)  | Percent of<br>Total | Average (dollars)             | Percent of<br>Total |   |
| Less than 10   | 12,280                | 17.1                | 5,327             | 2.3                 | 363                | 0.7                 | 4,964                         | 2.8                 | 6.8   |
| 10-20  | 16,353                | 22.7                | 14,997            | 8.7                 | 957                | 2.6                 | 14,039                        | 10.4                | 6.4   |
| 20-30  | 11,329                | 15.7                | 24,885            | 10.0                | 2,915              | 5.5                 | 21,970                        | 11.2                | 11.7  |
| 30-40  | 9,396                 | 13.0                | 35,554            | 11.9                | 5,455              | 8.5                 | 30,099                        | 12.8                | 15.3  |
| 40-50  | 6,306                 | 8.8                 | 45,513            | 10.2                | 8,636              | 9.0                 | 36,877                        | 10.5                | 19.0  |
| 50-75  | 9,292                 | 12.9                | 61,373            | 20.2                | 13,417             | 20.6                | 47,955                        | 20.1                | 21.9  |
| 75-100   | 3,125                 | 4.3                 | 87,575            | 9.7                 | 21,529             | 11.1                | 66,046                        | 9.3                 | 24.6  |
| 100-200  | 2,763                 | 3.8                 | 132,172           | 13.0                | 35,726             | 16.3                | 96,447                        | 12.0                | 27.0  |
| 200-500  | 581                   | 0.8                 | 286,777           | 5.9                 | 94,757             | 9.1                 | 192,020                       | 5.0                 | 33.0  |
| 500-1,000  | 89                    | 0.1                 | 684,999           | 2.2                 | 252,389            | 3.7                 | 432,610                       | 1.7                 | 36.9  |
| More than 1,000  | 56                    | 0.1                 | 3,307,366         | 6.5                 | 1,378,723          | 12.7                | 1,928,642                     | 4.8                 | 41.7  |
| All  | 72,035                | 100.0               | 39,146            | 100.0               | 8,394              | 100.0               | 30,752                        | 100.0               | 21.4  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-7).

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 as introduced. Proposal would: a) reinstate 2012 tax rates but raise the 35 percent rate to 39.6 percent beginning at a threshold of \$400,000 (single), \$500,000 (married), or \$450,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) raise PEP and Pease thresholds to \$500,000 of AGI (married) and \$400,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the new top bracket. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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**Baseline: S.3412 As Introduced**

**Distribution of Federal Tax Change by Cash Income Level, 2013 <sup>1</sup>**

**Detail Table - Married Tax Units Filing Jointly**

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                   | Percent Change<br>in After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes |                       | Average Federal Tax Rate <sup>5</sup> |                       |
|--|-----------------------------------|-------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                      | With Tax Increase |   |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Less than 10   | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.0                   | 0.0                                   | 3.1                   |
| 10-20  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.0                   | 0.0                                   | -1.5                  |
| 20-30  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.1                   | 0.0                                   | 1.3                   |
| 30-40  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.5                   | 0.0                                   | 5.5                   |
| 40-50  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 1.0                   | 0.0                                   | 7.8                   |
| 50-75  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 6.1                   | 0.0                                   | 13.6                  |
| 75-100   | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.1                    | 9.6                   | 0.0                                   | 18.3                  |
| 100-200  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.2                    | 30.2                  | 0.0                                   | 23.1                  |
| 200-500  | 12.0                              | 0.0               | 0.1   | 5.5                                     | -123                       | -0.2    | 0.1                    | 19.0                  | 0.0                                   | 28.2                  |
| 500-1,000  | 84.8                              | 0.0               | 1.6   | 50.1                                    | -7,318                     | -3.3    | -0.2                   | 7.8                   | -1.1                                  | 31.4                  |
| More than 1,000  | 95.1                              | 0.0               | 0.6   | 44.4                                    | -11,104                    | -0.9    | -0.1                   | 25.7                  | -0.3                                  | 37.5                  |
| All  | 2.2                               | 0.0               | 0.2   | 100.0                                   | -148                       | -0.5    | 0.0                    | 100.0                 | -0.1                                  | 24.1                  |

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

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Tax Units             |                     | Pre-Tax Income    |                     | Federal Tax Burden |                     | After-Tax Income <sup>4</sup> |                     | Average<br>Federal Tax<br>Rate <sup>5</sup> |
|--|-----------------------|---------------------|-------------------|---------------------|--------------------|---------------------|-------------------------------|---------------------|---|
|  | Number<br>(thousands) | Percent of<br>Total | Average (dollars) | Percent of<br>Total | Average (dollars)  | Percent of<br>Total | Average (dollars)             | Percent of<br>Total |   |
| Less than 10   | 1,457                 | 2.4                 | 4,559             | 0.1                 | 142                | 0.0                 | 4,417                         | 0.1                 | 3.1   |
| 10-20  | 2,877                 | 4.7                 | 15,669            | 0.6                 | -237               | 0.0                 | 15,907                        | 0.9                 | -1.5  |
| 20-30  | 3,317                 | 5.5                 | 25,449            | 1.2                 | 333                | 0.1                 | 25,116                        | 1.6                 | 1.3   |
| 30-40  | 4,027                 | 6.6                 | 35,715            | 2.0                 | 1,956              | 0.5                 | 33,759                        | 2.5                 | 5.5   |
| 40-50  | 4,740                 | 7.8                 | 45,931            | 3.1                 | 3,561              | 1.0                 | 42,370                        | 3.7                 | 7.8   |
| 50-75  | 12,272                | 20.2                | 62,784            | 10.9                | 8,529              | 6.1                 | 54,256                        | 12.4                | 13.6  |
| 75-100   | 10,124                | 16.7                | 88,587            | 12.7                | 16,219             | 9.6                 | 72,368                        | 13.6                | 18.3  |
| 100-200  | 16,567                | 27.3                | 134,301           | 31.4                | 31,047             | 30.0                | 103,254                       | 31.8                | 23.1  |
| 200-500  | 4,043                 | 6.7                 | 283,374           | 16.2                | 80,114             | 18.9                | 203,261                       | 15.3                | 28.3  |
| 500-1,000  | 616                   | 1.0                 | 683,221           | 5.9                 | 222,041            | 8.0                 | 461,181                       | 5.3                 | 32.5  |
| More than 1,000  | 360                   | 0.6                 | 3,245,436         | 16.5                | 1,229,057          | 25.8                | 2,016,378                     | 13.5                | 37.9  |
| All  | 60,744                | 100.0               | 116,746           | 100.0               | 28,222             | 100.0               | 88,524                        | 100.0               | 24.2  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-7).

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 as introduced. Proposal would: a) reinstate 2012 tax rates but raise the 35 percent rate to 39.6 percent beginning at a threshold of \$400,000 (single), \$500,000 (married), or \$450,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) raise PEP and Pease thresholds to \$500,000 of AGI (married) and \$400,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the new top bracket. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(4) 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.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

**Table T12-0301**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal As Introduced (No 2013 AMT Patch and Pre-2001 Estate Tax Law)**

**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

**Baseline: S.3412 As Introduced**

**Distribution of Federal Tax Change by Cash Income Level, 2013 <sup>1</sup>**

**Detail Table - Head of Household Tax Units**

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                   | Percent Change<br>in After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes |                       | Average Federal Tax Rate <sup>5</sup> |                       |
|--|-----------------------------------|-------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                      | With Tax Increase |   |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Less than 10   | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | -1.8                  | 0.0                                   | -16.3                 |
| 10-20  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | -7.9                  | 0.0                                   | -13.2                 |
| 20-30  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | -1.6                  | 0.0                                   | -1.8                  |
| 30-40  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 8.5                   | 0.0                                   | 8.0                   |
| 40-50  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 12.6                  | 0.0                                   | 13.3                  |
| 50-75  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.1                    | 32.8                  | 0.0                                   | 18.2                  |
| 75-100   | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 18.1                  | 0.0                                   | 21.4                  |
| 100-200  | 0.0                               | 0.0               | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 19.9                  | 0.0                                   | 25.4                  |
| 200-500  | 14.0                              | 0.0               | 0.1   | 14.8                                    | -288                       | -0.4    | 0.0                    | 7.7                   | -0.1                                  | 28.6                  |
| 500-1,000  | 85.2                              | 0.0               | 1.5   | 45.2                                    | -6,911                     | -3.3    | -0.1                   | 2.5                   | -1.0                                  | 30.5                  |
| More than 1,000  | 94.6                              | 0.0               | 0.5   | 40.0                                    | -9,456                     | -0.8    | -0.1                   | 9.1                   | -0.3                                  | 36.6                  |
| All  | 0.2                               | 0.0               | 0.0   | 100.0                                   | -10                        | -0.2    | 0.0                    | 100.0                 | 0.0                                   | 13.1                  |

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

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Tax Units             |                     | Pre-Tax Income    |                     | Federal Tax Burden |                     | After-Tax Income <sup>4</sup> |                     | Average<br>Federal Tax<br>Rate <sup>5</sup> |
|--|-----------------------|---------------------|-------------------|---------------------|--------------------|---------------------|-------------------------------|---------------------|---|
|  | Number<br>(thousands) | Percent of<br>Total | Average (dollars) | Percent of<br>Total | Average (dollars)  | Percent of<br>Total | Average (dollars)             | Percent of<br>Total |   |
| Less than 10   | 2,173                 | 9.4                 | 6,307             | 1.5                 | -1,025             | -1.8                | 7,331                         | 2.0                 | -16.3                                       |
| 10-20  | 4,761                 | 20.6                | 15,129            | 7.8                 | -1,996             | -7.8                | 17,125                        | 10.2                | -13.2                                       |
| 20-30  | 4,367                 | 18.9                | 25,305            | 12.0                | -454               | -1.6                | 25,759                        | 14.0                | -1.8  |
| 30-40  | 3,599                 | 15.6                | 35,454            | 13.8                | 2,840              | 8.4                 | 32,614                        | 14.6                | 8.0   |
| 40-50  | 2,531                 | 11.0                | 45,338            | 12.4                | 6,025              | 12.6                | 39,313                        | 12.4                | 13.3  |
| 50-75  | 3,553                 | 15.4                | 61,312            | 23.6                | 11,146             | 32.7                | 50,166                        | 22.2                | 18.2  |
| 75-100   | 1,170                 | 5.1                 | 87,387            | 11.1                | 18,729             | 18.1                | 68,658                        | 10.0                | 21.4  |
| 100-200  | 734                   | 3.2                 | 129,043           | 10.3                | 32,821             | 19.9                | 96,222                        | 8.8                 | 25.4  |
| 200-500  | 117                   | 0.5                 | 280,322           | 3.5                 | 80,375             | 7.7                 | 199,948                       | 2.9                 | 28.7  |
| 500-1,000  | 15                    | 0.1                 | 673,865           | 1.1                 | 212,545            | 2.6                 | 461,320                       | 0.9                 | 31.5  |
| More than 1,000  | 10                    | 0.0                 | 3,141,640         | 3.3                 | 1,158,228          | 9.2                 | 1,983,412                     | 2.4                 | 36.9  |
| All  | 23,101                | 100.0               | 40,006            | 100.0               | 5,244              | 100.0               | 34,762                        | 100.0               | 13.1  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-7).

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 as introduced. Proposal would: a) reinstate 2012 tax rates but raise the 35 percent rate to 39.6 percent beginning at a threshold of \$400,000 (single), \$500,000 (married), or \$450,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) raise PEP and Pease thresholds to \$500,000 of AGI (married) and \$400,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the new top bracket. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(4) 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.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

**Table T12-0301**  
**S. 3412 The Middle Class Tax Cut Act**  
**Senate Democratic Proposal to Extend 2001-10 Tax Cuts Except for Certain High-Income Provisions**  
**Proposal As Introduced (No 2013 AMT Patch and Pre-2001 Estate Tax Law)**

**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

**Baseline: S.3412 As Introduced**  
**Distribution of Federal Tax Change by Cash Income Level, 2013 <sup>1</sup>**  
**Detail Table - Tax Units with Children**

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                      | Percent Change<br>in After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes |                       | Average Federal Tax Rate <sup>5</sup> |                       |
|--|-----------------------------------|----------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                      | With Tax<br>Increase |   |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Less than 10   | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | -0.3                  | 0.0                                   | -18.5                 |
| 10-20  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | -1.5                  | 0.0                                   | -16.3                 |
| 20-30  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | -0.7                  | 0.0                                   | -4.7                  |
| 30-40  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 1.0                   | 0.0                                   | 5.5                   |
| 40-50  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 2.0                   | 0.0                                   | 10.7                  |
| 50-75  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 8.8                   | 0.0                                   | 16.1                  |
| 75-100   | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.1                    | 10.8                  | 0.0                                   | 19.4                  |
| 100-200  | *                                 | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.2                    | 30.6                  | 0.0                                   | 23.9                  |
| 200-500  | 10.8                              | 0.0                  | 0.1   | 4.4                                     | -96                        | -0.1    | 0.1                    | 18.7                  | 0.0                                   | 28.7                  |
| 500-1,000  | 84.0                              | 0.0                  | 1.6   | 51.7                                    | -7,508                     | -3.4    | -0.2                   | 7.5                   | -1.1                                  | 31.3                  |
| More than 1,000  | 95.8                              | 0.0                  | 0.6   | 43.9                                    | -11,389                    | -1.0    | -0.1                   | 23.1                  | -0.4                                  | 37.3                  |
| All  | 1.4                               | 0.0                  | 0.2   | 100.0                                   | -100                       | -0.5    | 0.0                    | 100.0                 | -0.1                                  | 22.4                  |

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

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Tax Units             |                     | Pre-Tax Income    |                     | Federal Tax Burden |                     | After-Tax Income <sup>4</sup> |                     | Average<br>Federal Tax<br>Rate <sup>5</sup> |
|--|-----------------------|---------------------|-------------------|---------------------|--------------------|---------------------|-------------------------------|---------------------|---|
|  | Number<br>(thousands) | Percent of<br>Total | Average (dollars) | Percent of<br>Total | Average (dollars)  | Percent of<br>Total | Average (dollars)             | Percent of<br>Total |   |
| Less than 10   | 2,962                 | 5.9                 | 5,794             | 0.4                 | -1,072             | -0.3                | 6,866                         | 0.6                 | -18.5                                       |
| 10-20  | 5,804                 | 11.6                | 15,260            | 2.0                 | -2,480             | -1.5                | 17,739                        | 3.0                 | -16.3                                       |
| 20-30  | 5,335                 | 10.6                | 25,332            | 3.1                 | -1,195             | -0.6                | 26,527                        | 4.1                 | -4.7  |
| 30-40  | 4,816                 | 9.6                 | 35,564            | 3.9                 | 1,956              | 1.0                 | 33,608                        | 4.7                 | 5.5   |
| 40-50  | 4,037                 | 8.1                 | 45,576            | 4.2                 | 4,871              | 2.0                 | 40,705                        | 4.8                 | 10.7  |
| 50-75  | 8,599                 | 17.2                | 62,528            | 12.2                | 10,063             | 8.7                 | 52,464                        | 13.2                | 16.1  |
| 75-100   | 6,206                 | 12.4                | 88,416            | 12.5                | 17,166             | 10.8                | 71,249                        | 12.9                | 19.4  |
| 100-200  | 9,390                 | 18.7                | 134,200           | 28.6                | 32,068             | 30.4                | 102,132                       | 28.1                | 23.9  |
| 200-500  | 2,258                 | 4.5                 | 283,593           | 14.5                | 81,545             | 18.6                | 202,048                       | 13.4                | 28.8  |
| 500-1,000  | 345                   | 0.7                 | 680,629           | 5.3                 | 220,532            | 7.7                 | 460,097                       | 4.6                 | 32.4  |
| More than 1,000  | 193                   | 0.4                 | 3,158,341         | 13.8                | 1,188,378          | 23.2                | 1,969,963                     | 11.1                | 37.6  |
| All  | 50,150                | 100.0               | 87,888            | 100.0               | 19,744             | 100.0               | 68,145                        | 100.0               | 22.5  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-7).

\* 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 S.3412 as introduced. Proposal would: a) reinstate 2012 tax rates but raise the 35 percent rate to 39.6 percent beginning at a threshold of \$400,000 (single), \$500,000 (married), or \$450,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) raise PEP and Pease thresholds to \$500,000 of AGI (married) and \$400,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the new top bracket. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

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(3) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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**S. 3412 The Middle Class Tax Cut Act**  
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**Proposal As Introduced (No 2013 AMT Patch and Pre-2001 Estate Tax Law)**

**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

**Baseline: S.3412 As Introduced**  
**Distribution of Federal Tax Change by Cash Income Level, 2013 <sup>1</sup>**  
**Detail Table - Elderly Tax Units**

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                      | Percent Change<br>in After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes |                       | Average Federal Tax Rate <sup>5</sup> |                       |
|--|-----------------------------------|----------------------|---|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                      | With Tax<br>Increase |   |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Less than 10   | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.0                   | 0.0                                   | 1.4                   |
| 10-20  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.2                   | 0.0                                   | 0.8                   |
| 20-30  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 0.8                   | 0.0                                   | 2.9                   |
| 30-40  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 1.6                   | 0.0                                   | 4.5                   |
| 40-50  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 2.2                   | 0.0                                   | 6.0                   |
| 50-75  | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 8.4                   | 0.0                                   | 9.8                   |
| 75-100   | 0.0                               | 0.0                  | 0.0   | 0.0                                     | 0                          | 0.0     | 0.0                    | 8.5                   | 0.0                                   | 14.2                  |
| 100-200  | *                                 | 0.0                  | 0.0   | 0.1                                     | 0                          | 0.0     | 0.1                    | 23.1                  | 0.0                                   | 19.9                  |
| 200-500  | 21.9                              | 0.0                  | 0.2   | 16.4                                    | -378                       | -0.5    | 0.0                    | 18.6                  | -0.1                                  | 28.4                  |
| 500-1,000  | 89.5                              | 0.0                  | 1.5   | 45.0                                    | -6,757                     | -2.8    | -0.2                   | 8.2                   | -1.0                                  | 33.7                  |
| More than 1,000  | 92.8                              | 0.0                  | 0.5   | 38.6                                    | -9,410                     | -0.7    | -0.1                   | 28.3                  | -0.3                                  | 39.5                  |
| All  | 1.2                               | 0.0                  | 0.1   | 100.0                                   | -63                        | -0.5    | 0.0                    | 100.0                 | -0.1                                  | 18.1                  |

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

| Cash Income Level<br>(thousands of 2012<br>dollars) <sup>2</sup> | Tax Units             |                     | Pre-Tax Income    |                     | Federal Tax Burden |                     | After-Tax Income <sup>4</sup> |                     | Average<br>Federal Tax<br>Rate <sup>5</sup> |
|--|-----------------------|---------------------|-------------------|---------------------|--------------------|---------------------|-------------------------------|---------------------|---|
|  | Number<br>(thousands) | Percent of<br>Total | Average (dollars) | Percent of<br>Total | Average (dollars)  | Percent of<br>Total | Average (dollars)             | Percent of<br>Total |   |
| Less than 10   | 2,099                 | 6.0                 | 6,146             | 0.6                 | 87                 | 0.0                 | 6,059                         | 0.7                 | 1.4   |
| 10-20  | 7,199                 | 20.5                | 15,399            | 4.8                 | 116                | 0.2                 | 15,282                        | 5.8                 | 0.8   |
| 20-30  | 4,736                 | 13.5                | 24,906            | 5.1                 | 715                | 0.8                 | 24,191                        | 6.1                 | 2.9   |
| 30-40  | 4,155                 | 11.8                | 35,411            | 6.4                 | 1,586              | 1.6                 | 33,826                        | 7.4                 | 4.5   |
| 40-50  | 3,401                 | 9.7                 | 45,731            | 6.7                 | 2,743              | 2.2                 | 42,988                        | 7.7                 | 6.0   |
| 50-75  | 5,792                 | 16.5                | 61,846            | 15.5                | 6,083              | 8.4                 | 55,763                        | 17.1                | 9.8   |
| 75-100   | 2,864                 | 8.2                 | 87,420            | 10.8                | 12,440             | 8.5                 | 74,980                        | 11.4                | 14.2  |
| 100-200  | 3,657                 | 10.4                | 133,081           | 21.0                | 26,452             | 22.9                | 106,629                       | 20.6                | 19.9  |
| 200-500  | 962                   | 2.7                 | 285,711           | 11.9                | 81,506             | 18.6                | 204,205                       | 10.4                | 28.5  |
| 500-1,000  | 148                   | 0.4                 | 687,513           | 4.4                 | 238,634            | 8.4                 | 448,879                       | 3.5                 | 34.7  |
| More than 1,000  | 91                    | 0.3                 | 3,301,216         | 13.0                | 1,314,875          | 28.4                | 1,986,341                     | 9.6                 | 39.8  |
| All  | 35,135                | 100.0               | 65,837            | 100.0               | 12,006             | 100.0               | 53,831                        | 100.0               | 18.2  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-7).

\* Less than 0.05

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

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