

Table T12-0306

## 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

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

## Baseline: S.3412 with AMT Patch and 2009 Estate Tax Law

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

## Summary Table

Cash Income Percentile <sup>2,3</sup>	Tax Units with Tax Increase or Cut <sup>4</sup>				Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut		With Tax Increase					Change (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	1.9
Second Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	9.4
Middle Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	15.5
Fourth Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	18.9
Top Quintile	8.7	-5,753	0.0	0	0.3	100.0	-503	-0.2	27.9
All	1.3	-5,753	0.0	0	0.1	100.0	-74	-0.1	21.5
Addendum									
80-90	0.0	0	0.0	0	0.0	0.0	0	0.0	21.4
90-95	0.1	-401	0.0	0	0.0	0.0	0	0.0	23.3
95-99	21.5	-1,778	0.0	0	0.2	15.1	-382	-0.1	26.2
Top 1 Percent	89.8	-9,612	0.0	0	0.8	84.9	-8,630	-0.5	36.3
Top 0.1 Percent	95.0	-11,164	0.0	0	0.2	10.6	-10,610	-0.1	39.1

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

Number of AMT Taxpayers (millions). Baseline: 3.4

Proposal: 3.9

\* Less than 0.05

\*\* Insufficient data

(1) Calendar year. Baseline is S.3412 plus an AMT patch with AMT exemption amounts of \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing separate returns) and extension of 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. 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 <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) 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% \$20,113; 40% \$39,790; 60% \$64,484; 80% \$108,266; 90% \$143,373; 95% \$204,296; 99% \$506,210; 99.9% \$2,655,675.

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

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

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

**Table T12-0306**  
**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**  
**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

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

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.4	0.0	1.9
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	4.3	0.0	9.4
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	10.7	0.0	15.5
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	17.6	0.0	18.9
Top Quintile	8.7	0.0	0.3	100.0	-503	-0.7	-0.2	66.8	-0.2	27.9
All	1.3	0.0	0.1	100.0	-74	-0.5	0.0	100.0	-0.1	21.5
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.1	13.3	0.0	21.4
90-95	0.1	0.0	0.0	0.0	0	0.0	0.1	9.4	0.0	23.3
95-99	21.5	0.0	0.2	15.1	-382	-0.5	0.0	14.7	-0.1	26.2
Top 1 Percent	89.8	0.0	0.8	84.9	-8,630	-1.4	-0.3	29.4	-0.5	36.3
Top 0.1 Percent	95.0	0.0	0.2	10.6	-10,610	-0.3	0.0	15.4	-0.1	39.1

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

Cash Income Percentile <sup>2,3</sup>	Tax Units		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	40,520	25.6	11,290	4.2	210	0.4	11,080	5.2	1.9
Second Quintile	36,208	22.9	30,031	9.9	2,832	4.3	27,200	11.4	9.4
Middle Quintile	31,370	19.8	52,294	14.9	8,100	10.7	44,194	16.1	15.5
Fourth Quintile	26,062	16.5	84,355	20.0	15,978	17.5	68,377	20.7	18.9
Top Quintile	23,189	14.7	244,576	51.5	68,764	67.0	175,813	47.3	28.1
All	158,260	100.0	69,527	100.0	15,039	100.0	54,488	100.0	21.6
<b>Addendum</b>									
80-90	11,692	7.4	125,820	13.4	26,981	13.3	98,839	13.4	21.4
90-95	5,736	3.6	166,808	8.7	38,867	9.4	127,942	8.5	23.3
95-99	4,615	2.9	287,453	12.1	75,751	14.7	211,703	11.3	26.4
Top 1 Percent	1,147	0.7	1,671,536	17.4	616,082	29.7	1,055,454	14.0	36.9
Top 0.1 Percent	117	0.1	7,985,826	8.5	3,129,519	15.3	4,856,306	6.6	39.2

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

Number of AMT Taxpayers (millions). Baseline: 3.4

Proposal: 3.9

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 plus an AMT patch with AMT exemption amounts of \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing separate returns) and extension of 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. 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) 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% \$20,113; 40% \$39,790; 60% \$64,484; 80% \$108,266; 90% \$143,373; 95% \$204,296; 99% \$506,210; 99.9% \$2,655,675.

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

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

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

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

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.4	0.0	-2.6
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.7	0.0	7.4
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	8.5	0.0	13.9
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	17.1	0.0	18.4
Top Quintile	6.7	0.0	0.3	100.0	-386	-0.7	-0.1	71.9	-0.2	27.5
All	1.3	0.0	0.1	100.0	-74	-0.5	0.0	100.0	-0.1	21.5
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.1	14.5	0.0	21.4
90-95	*	0.0	0.0	0.0	0	0.0	0.1	11.1	0.0	23.2
95-99	13.9	0.0	0.1	13.2	-258	-0.4	0.0	16.0	-0.1	25.9
Top 1 Percent	87.1	0.0	0.8	86.8	-7,366	-1.4	-0.3	30.4	-0.5	36.2
Top 0.1 Percent	94.9	0.0	0.2	12.2	-10,240	-0.4	0.0	16.1	-0.2	39.1

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

Cash Income Percentile <sup>2,3</sup>	Tax Units		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	33,405	21.1	10,552	3.2	-273	-0.4	10,825	4.2	-2.6
Second Quintile	32,563	20.6	26,837	7.9	1,992	2.7	24,845	9.4	7.4
Middle Quintile	31,164	19.7	46,562	13.2	6,478	8.5	40,084	14.5	13.9
Fourth Quintile	29,985	19.0	73,219	20.0	13,486	17.0	59,732	20.8	18.4
Top Quintile	30,233	19.1	204,490	56.2	56,696	72.0	147,794	51.8	27.7
All	158,260	100.0	69,527	100.0	15,039	100.0	54,488	100.0	21.6
<b>Addendum</b>									
80-90	14,991	9.5	106,847	14.6	22,828	14.4	84,019	14.6	21.4
90-95	7,896	5.0	142,978	10.3	33,234	11.0	109,744	10.1	23.2
95-99	5,972	3.8	244,529	13.3	63,499	15.9	181,031	12.5	26.0
Top 1 Percent	1,374	0.9	1,448,832	18.1	531,296	30.7	917,536	14.6	36.7
Top 0.1 Percent	139	0.1	6,989,966	8.9	2,739,627	16.0	4,250,339	6.9	39.2

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

Number of AMT Taxpayers (millions). Baseline: 3.4 Proposal: 3.9

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 plus an AMT patch with AMT exemption amounts of \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing separate returns) and extension of 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. 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) 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% \$13,941; 40% \$26,136; 60% \$41,226; 80% \$64,003; 90% \$88,398; 95% \$122,605; 99% \$295,996; 99.9% \$1,565,087.

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

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

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

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.4	0.0	5.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	5.7	0.0	9.6
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	12.0	0.0	15.0
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	21.2	0.0	20.1
Top Quintile	4.2	0.0	0.2	100.0	-170	-0.5	-0.1	59.5	-0.1	28.1
All	0.6	0.0	0.1	100.0	-22	-0.3	0.0	100.0	-0.1	20.7
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.0	14.1	0.0	23.0
90-95	0.0	0.0	0.0	0.0	0	0.0	0.0	10.6	0.0	24.5
95-99	6.3	0.0	0.1	7.1	-61	-0.1	0.0	14.2	0.0	26.6
Top 1 Percent	81.9	0.0	0.8	92.9	-4,348	-1.2	-0.2	20.6	-0.5	38.0
Top 0.1 Percent	95.8	0.0	0.3	16.5	-8,490	-0.4	0.0	10.9	-0.2	41.9

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

Cash Income Percentile <sup>2,3</sup>	Tax Units		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	19,721	27.4	8,091	5.7	428	1.4	7,664	6.8	5.3
Second Quintile	17,211	23.9	20,316	12.4	1,941	5.7	18,376	14.2	9.6
Middle Quintile	13,567	18.8	34,462	16.6	5,155	11.9	29,307	17.8	15.0
Fourth Quintile	11,717	16.3	52,696	21.9	10,581	21.2	42,115	22.1	20.1
Top Quintile	9,354	13.0	132,560	44.0	37,351	59.6	95,209	39.9	28.2
All	72,035	100.0	39,146	100.0	8,137	100.0	31,010	100.0	20.8
<b>Addendum</b>									
80-90	4,749	6.6	75,578	12.7	17,404	14.1	58,174	12.4	23.0
90-95	2,416	3.4	104,552	9.0	25,619	10.6	78,933	8.5	24.5
95-99	1,849	2.6	168,798	11.1	44,927	14.2	123,871	10.3	26.6
Top 1 Percent	340	0.5	931,104	11.2	358,390	20.8	572,714	8.7	38.5
Top 0.1 Percent	31	0.0	4,955,926	5.4	2,084,072	11.0	2,871,854	4.0	42.1

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

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 plus an AMT patch with AMT exemption amounts of \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing separate returns) and extension of 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. 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

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

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.2	0.0	-3.7
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.2	0.0	6.6
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	5.7	0.0	12.7
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	14.7	0.0	17.5
Top Quintile	8.1	0.0	0.3	100.0	-507	-0.8	-0.1	78.4	-0.2	27.4
All	2.6	0.0	0.2	100.0	-160	-0.6	0.0	100.0	-0.1	22.9
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.1	14.7	0.0	20.7
90-95	0.0	0.0	0.0	0.0	0	0.0	0.1	11.6	0.0	22.7
95-99	17.7	0.0	0.2	14.2	-358	-0.5	0.0	17.2	-0.1	25.6
Top 1 Percent	89.6	0.0	0.8	85.8	-8,559	-1.5	-0.3	34.9	-0.5	35.8
Top 0.1 Percent	94.8	0.0	0.2	11.4	-11,039	-0.4	0.0	18.1	-0.2	38.6

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

Cash Income Percentile <sup>2,3</sup>	Tax Units		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	5,376	8.9	14,486	1.1	-536	-0.2	15,022	1.5	-3.7
Second Quintile	8,093	13.3	36,595	4.2	2,406	1.2	34,189	5.1	6.6
Middle Quintile	12,453	20.5	58,915	10.4	7,452	5.7	51,463	11.7	12.7
Fourth Quintile	15,271	25.1	89,679	19.3	15,660	14.7	74,019	20.7	17.5
Top Quintile	19,208	31.6	241,961	65.5	66,673	78.5	175,288	61.7	27.6
All	60,744	100.0	116,746	100.0	26,864	100.0	89,882	100.0	23.0
<b>Addendum</b>									
80-90	9,257	15.2	123,947	16.2	25,678	14.6	98,269	16.7	20.7
90-95	5,109	8.4	162,264	11.7	36,899	11.6	125,365	11.7	22.7
95-99	3,865	6.4	282,834	15.4	72,620	17.2	210,213	14.9	25.7
Top 1 Percent	977	1.6	1,615,663	22.3	587,447	35.2	1,028,217	18.4	36.4
Top 0.1 Percent	101	0.2	7,547,627	10.7	2,925,951	18.0	4,621,676	8.5	38.8

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

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 plus an AMT patch with AMT exemption amounts of \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing separate returns) and extension of 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. 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) 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% \$13,941; 40% \$26,136; 60% \$41,226; 80% \$64,003; 90% \$88,398; 95% \$122,605; 99% \$295,996; 99.9% \$1,565,087.

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

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

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

**Table T12-0306**  
**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**  
**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

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

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-13.0	0.0	-13.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	9.0	0.0	4.8
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	29.5	0.0	15.3
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	30.1	0.0	19.4
Top Quintile	3.3	0.0	0.2	100.0	-190	-0.5	-0.1	44.3	-0.1	26.1
All	0.2	0.0	0.0	100.0	-10	-0.2	0.0	100.0	0.0	12.5
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.0	14.8	0.0	22.4
90-95	0.0	0.0	0.0	0.0	0	0.0	0.0	7.6	0.0	24.1
95-99	7.8	0.0	0.1	11.1	-145	-0.3	0.0	9.0	-0.1	26.1
Top 1 Percent	81.2	0.0	0.7	89.0	-6,395	-1.4	-0.2	12.9	-0.5	34.5
Top 0.1 Percent	95.1	0.0	0.2	12.6	-9,602	-0.4	0.0	6.6	-0.1	37.2

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

Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	8,034	34.8	13,983	12.2	-1,863	-13.0	15,846	15.7	-13.3
Second Quintile	6,829	29.6	31,795	23.5	1,515	9.0	30,280	25.6	4.8
Middle Quintile	4,455	19.3	49,950	24.1	7,629	29.5	42,320	23.3	15.3
Fourth Quintile	2,489	10.8	71,792	19.3	13,911	30.0	57,881	17.8	19.4
Top Quintile	1,222	5.3	160,037	21.2	41,993	44.5	118,044	17.8	26.2
All	23,101	100.0	40,006	100.0	4,997	100.0	35,009	100.0	12.5
<b>Addendum</b>									
80-90	740	3.2	102,711	8.2	22,999	14.8	79,712	7.3	22.4
90-95	273	1.2	133,416	4.0	32,135	7.6	101,282	3.4	24.1
95-99	176	0.8	226,780	4.3	59,270	9.0	167,510	3.6	26.1
Top 1 Percent	32	0.1	1,339,304	4.7	467,941	13.1	871,362	3.5	34.9
Top 0.1 Percent	3	0.0	6,750,433	2.2	2,523,220	6.6	4,227,213	1.6	37.4

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

\* Less than 0.05

(1) Calendar year. Baseline is S.3412 plus an AMT patch with AMT exemption amounts of \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing separate returns) and extension of 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. 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) 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% \$13,941; 40% \$26,136; 60% \$41,226; 80% \$64,003; 90% \$88,398; 95% \$122,605; 99% \$295,996; 99.9% \$1,565,087.

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

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

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

**Table T12-0306**  
**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**  
**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

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

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-2.6	0.0	-14.9
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.1	0.0	5.0
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	10.4	0.0	15.3
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	19.8	0.0	19.2
Top Quintile	9.8	0.0	0.3	100.0	-646	-0.8	-0.2	70.1	-0.2	28.3
All	1.6	0.0	0.2	100.0	-108	-0.6	0.0	100.0	-0.1	21.0
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.1	15.3	0.0	22.2
90-95	0.1	0.0	0.0	0.0	0	0.0	0.1	8.7	0.0	24.1
95-99	25.3	0.0	0.3	19.7	-641	-0.7	0.0	15.5	-0.2	26.9
Top 1 Percent	91.0	0.0	0.9	80.3	-9,887	-1.5	-0.3	30.6	-0.6	35.9
Top 0.1 Percent	95.5	0.0	0.2	8.3	-11,166	-0.3	0.0	14.8	-0.1	38.5

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

Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	10,949	21.8	14,497	3.6	-2,156	-2.5	16,653	5.2	-14.9
Second Quintile	10,714	21.4	36,326	8.8	1,819	2.1	34,507	10.6	5.0
Middle Quintile	10,166	20.3	62,074	14.3	9,507	10.4	52,567	15.4	15.3
Fourth Quintile	9,735	19.4	97,977	21.6	18,817	19.7	79,160	22.2	19.2
Top Quintile	8,378	16.7	273,829	52.1	78,086	70.3	195,744	47.2	28.5
All	50,150	100.0	87,888	100.0	18,570	100.0	69,318	100.0	21.1
<b>Addendum</b>									
80-90	4,581	9.1	139,259	14.5	30,972	15.2	108,286	14.3	22.2
90-95	1,696	3.4	196,218	7.6	47,202	8.6	149,016	7.3	24.1
95-99	1,662	3.3	322,508	12.2	87,249	15.6	235,258	11.3	27.1
Top 1 Percent	439	0.9	1,792,201	17.9	653,788	30.9	1,138,412	14.4	36.5
Top 0.1 Percent	40	0.1	8,825,262	8.1	3,406,592	14.7	5,418,670	6.3	38.6

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 plus an AMT patch with AMT exemption amounts of \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing separate returns) and extension of 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. 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) 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% \$13,941; 40% \$26,136; 60% \$41,226; 80% \$64,003; 90% \$88,398; 95% \$122,605; 99% \$295,996; 99.9% \$1,565,087.

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

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

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**Table T12-0306**  
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**Incremental Effect of Raising "High-Income" Thresholds to \$500,000 for Married Couples**

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

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	0.8
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.8	0.0	1.6
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.9	0.0	4.6
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	10.6	0.0	10.0
Top Quintile	7.3	0.0	0.2	100.0	-358	-0.7	-0.1	84.4	-0.2	25.2
All	1.4	0.0	0.1	100.0	-68	-0.6	0.0	100.0	-0.1	17.0
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.1	11.4	0.0	14.9
90-95	0.0	0.0	0.0	0.0	0	0.0	0.1	11.1	0.0	18.3
95-99	11.8	0.0	0.1	10.1	-164	-0.3	0.1	19.3	-0.1	23.1
Top 1 Percent	87.6	0.0	0.8	90.0	-6,050	-1.3	-0.3	42.7	-0.5	37.3
Top 0.1 Percent	92.9	0.0	0.3	14.1	-9,517	-0.4	0.1	22.9	-0.2	40.6

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

Cash Income Percentile <sup>2,3</sup>	Tax Units		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	5,152	14.7	10,284	2.3	80	0.1	10,205	2.7	0.8
Second Quintile	8,903	25.3	22,201	8.6	360	0.8	21,842	10.1	1.6
Middle Quintile	8,102	23.1	41,688	14.6	1,904	3.9	39,785	16.8	4.6
Fourth Quintile	6,300	17.9	66,058	18.0	6,620	10.6	59,439	19.5	10.0
Top Quintile	6,648	18.9	197,406	56.7	50,184	84.5	147,222	51.0	25.4
All	35,135	100.0	65,837	100.0	11,236	100.0	54,601	100.0	17.1
<b>Addendum</b>									
80-90	3,052	8.7	98,141	13.0	14,634	11.3	83,507	13.3	14.9
90-95	1,778	5.1	133,313	10.3	24,377	11.0	108,936	10.1	18.3
95-99	1,463	4.2	223,287	14.1	51,822	19.2	171,465	13.1	23.2
Top 1 Percent	354	1.0	1,267,910	19.4	479,434	43.0	788,477	14.6	37.8
Top 0.1 Percent	35	0.1	6,252,940	9.6	2,547,776	22.8	3,705,164	6.8	40.8

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.

(1) Calendar year. Baseline is S.3412 plus an AMT patch with AMT exemption amounts of \$79,850 for married couples filing a joint return, \$51,150 for others (\$39,925 for married individuals filing separate returns) and extension of 2009 estate tax law including a \$3.5 million effective exemption (unindexed) and a top estate tax rate of 45 percent. 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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