

Table T12-0402
Reduce Allowable Amount of Itemized Deductions, Excludable Amount of Employer-Sponsored Health Insurance Premiums, and Municipal Bond Interest by
20 Percent
Baseline: Current Policy
Effective Marginal Individual Income Tax Rates (EMTR) On Capital Income and Wage and Salaries
By Cash Income Level, 2013¹

| Cash Income Level (thousands of 2012 dollars) ² | Tax Units (thousands) | Wage and Salaries | | Long-term Capital Gains | | Qualified Dividends | | Interest Income | |
|--|--------------------------|-------------------|----------|-------------------------|----------|---------------------|----------|-----------------|----------|
| | | Baseline | Proposal | Baseline | Proposal | Baseline | Proposal | Baseline | Proposal |
| Less than 10 | 16,041 | -9.9 | -9.7 | 0.3 | 0.3 | 0.1 | 0.1 | 0.3 | 0.3 |
| 10-20 | 24,243 | 1.6 | 1.9 | 1.4 | 1.4 | 1.4 | 1.4 | 3.3 | 3.3 |
| 20-30 | 19,317 | 14.7 | 15.2 | 0.5 | 0.5 | 1.0 | 1.0 | 4.9 | 5.0 |
| 30-40 | 17,482 | 18.2 | 18.7 | 0.7 | 0.8 | 0.6 | 0.7 | 8.8 | 10.0 |
| 40-50 | 13,879 | 17.7 | 18.4 | 1.0 | 1.0 | 2.1 | 2.4 | 13.4 | 13.9 |
| 50-75 | 25,633 | 19.0 | 19.6 | 4.9 | 5.2 | 7.9 | 8.2 | 19.5 | 19.6 |
| 75-100 | 14,610 | 18.2 | 18.5 | 5.7 | 6.0 | 8.7 | 8.9 | 20.5 | 20.3 |
| 100-200 | 20,204 | 24.4 | 25.4 | 12.0 | 12.4 | 12.2 | 12.8 | 24.1 | 23.5 |
| 200-500 | 4,780 | 31.7 | 31.7 | 18.7 | 18.7 | 19.9 | 19.9 | 32.0 | 31.4 |
| 500-1,000 | 728 | 30.1 | 30.6 | 18.6 | 18.5 | 20.4 | 20.4 | 32.0 | 31.8 |
| More than 1,000 | 433 | 34.0 | 34.3 | 18.2 | 18.2 | 18.8 | 18.8 | 30.9 | 31.8 |
| All | 158,260 | 22.3 | 22.8 | 16.4 | 16.4 | 16.1 | 16.3 | 23.0 | 23.1 |
| Addendum³ | | | | | | | | | |
| AGI above \$250K | 2,846 | 33.4 | 33.6 | 18.9 | 18.8 | 19.9 | 19.9 | 32.5 | 32.9 |
| AGI above \$500K | 965 | 32.9 | 33.3 | 18.3 | 18.3 | 18.9 | 18.9 | 31.5 | 32.2 |
| AGI above \$1M | 368 | 34.2 | 34.4 | 18.4 | 18.4 | 18.8 | 18.8 | 31.3 | 32.2 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

(1) Calendar year. Effective marginal tax rates are weighted by the appropriate income source. Baseline is current policy. Proposal provides an across-the-board reduction of 20 percent in the allowable amount of all itemized deductions; it would include 20 percent of employer-sponsored health insurance premiums and 20 percent of municipal bond interest in gross income. For a description of TPC's current law and current policy baselines, see

<http://taxpolicycenter.org/numbers/displayatab.cfm?Docid=3131>

(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) Adjusted gross income (AGI) values shown are for married couples filing a joint return (MFJ); the thresholds for single tax units are 80 percent of the MFJ amounts and the thresholds for heads of household are 90 percent of the MFJ amounts. The AGI thresholds are expressed in 2009 dollars.