

Table T13-0067
Personal Exemption Phaseout (PEP) and Overall Limitation on Itemized Deductions (Pease)
Effective Marginal Tax Rates on Wages and Salaries
By Cash Income Percentile, 2013¹

Cash Income Percentile ^{2,3}	Tax Units (thousands)	Effective Marginal Tax Rate Under				Percentage Point Change from Current Law		
		Current Law	No PEP	No Pease	No PEP or Pease	No PEP	No Pease	No PEP or Pease
Lowest Quintile	40,520	-0.9	-0.9	-0.9	-0.9	0.0	0.0	0.0
Second Quintile	36,208	16.8	16.8	16.8	16.8	0.0	0.0	0.0
Third Quintile	31,370	18.3	18.3	18.3	18.3	0.0	0.0	0.0
Fourth Quintile	26,062	18.5	18.5	18.5	18.5	0.0	0.0	0.0
Top Quintile	23,189	29.8	29.7	29.5	29.4	-0.1	-0.3	-0.4
All	158,260	22.9	22.8	22.7	22.7	-0.1	-0.1	-0.2
Addendum								
80-90	11,692	24.3	24.3	24.3	24.3	0.0	0.0	0.0
90-95	5,736	26.7	26.7	26.7	26.7	0.0	0.0	0.0
95-99	4,615	31.8	31.7	31.8	31.7	-0.1	0.0	-0.1
Top 1 Percent	1,147	38.7	37.0	37.4	37.0	-1.8	-1.3	-1.8
Top 0.1 Percent	117	40.1	40.1	39.0	39.0	0.0	-1.1	-1.1

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. The PEP phaseout and Pease limitation begin at an AGI level of \$250,000 for singles, \$275,000 for heads of households, and \$300,000 for married couples filing jointly. For a description of TPC's current law baseline, see:

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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.