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Table T13-0121
Effect of Using Chained CPI to Index Tax Parameters Between 2014 and 2030, Evaluated at 2020 Income Levels
Distribution of Federal Tax Change by Cash Income Level, 2020¹
Summary Table

Cash Income Level (thousands of 2012 dollars) ²	Tax Units with Tax Increase or Cut ³				Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	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					
Less than 10	*	**	7.7	47	-0.1	0.1	4	0.1	5.6
10-20	0.8	-85	49.2	93	-0.3	2.2	45	0.3	4.1
20-30	0.5	-86	65.2	174	-0.4	5.5	113	0.4	8.2
30-40	0.1	-89	83.3	191	-0.4	7.2	159	0.4	12.2
40-50	0.2	-77	89.1	161	-0.3	5.8	144	0.3	14.7
50-75	0.1	-87	94.7	197	-0.3	13.8	187	0.3	17.4
75-100	*	**	98.5	219	-0.3	9.6	215	0.2	19.9
100-200	*	**	99.2	439	-0.4	27.1	433	0.3	22.6
200-500	0.3	-362	99.2	1,056	-0.5	19.0	1,035	0.3	26.4
500-1,000	0.3	-330	98.7	1,983	-0.4	4.9	1,894	0.3	31.9
More than 1,000	0.2	-403	99.5	2,570	-0.1	4.8	2,499	0.1	37.4
All	0.2	-102	79.5	305	-0.3	100.0	241	0.3	23.6

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

Number of AMT Taxpayers (millions). Baseline: 4.6

Proposal: 5.2

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current law. Proposal shows the effect of indexing all tax parameters by the chained CPI between 2014 and 2030, evaluated at 2020 income levels. It therefore shows the effect of having indexed the tax system using the chained CPI for the previous 16 years. We assume the annual growth rate of the chained CPI is 0.25 percentage points lower than the CPI-U growth rate. 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) 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 T13-0121
Effect of Using Chained CPI to Index Tax Parameters Between 2014 and 2030, Evaluated at 2020 Income Levels
Distribution of Federal Tax Change by Cash Income Level, 2020¹
Detail Table

Cash Income Level (thousands of 2012 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	*	7.7	-0.1	0.1	4	1.0	0.0	0.1	0.1	5.6
10-20	0.8	49.2	-0.3	2.2	45	6.7	0.0	0.4	0.3	4.1
20-30	0.5	65.2	-0.4	5.5	113	5.0	0.0	1.2	0.4	8.2
30-40	0.1	83.3	-0.4	7.2	159	3.3	0.1	2.3	0.4	12.2
40-50	0.2	89.1	-0.3	5.8	144	1.9	0.0	3.3	0.3	14.7
50-75	0.1	94.7	-0.3	13.8	187	1.5	0.0	9.5	0.3	17.4
75-100	*	98.5	-0.3	9.6	215	1.1	0.0	9.4	0.2	19.9
100-200	*	99.2	-0.4	27.1	433	1.3	0.1	22.3	0.3	22.6
200-500	0.3	99.2	-0.5	19.0	1,035	1.3	0.0	15.5	0.3	26.4
500-1,000	0.3	98.7	-0.4	4.9	1,894	0.8	0.0	6.5	0.3	31.9
More than 1,000	0.2	99.5	-0.1	4.8	2,499	0.2	-0.3	29.3	0.1	37.4
All	0.2	79.5	-0.3	100.0	241	1.1	0.0	100.0	0.3	23.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2020¹

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	10,561	6.3	6,344	0.4	353	0.1	5,991	0.5	5.6
10-20	19,591	11.8	17,600	2.1	670	0.3	16,930	2.7	3.8
20-30	19,448	11.7	29,135	3.5	2,276	1.2	26,859	4.2	7.8
30-40	18,191	10.9	40,733	4.5	4,794	2.3	35,939	5.2	11.8
40-50	16,332	9.8	52,497	5.3	7,569	3.2	44,928	5.9	14.4
50-75	29,571	17.7	71,473	13.0	12,219	9.5	59,254	14.0	17.1
75-100	17,940	10.8	101,444	11.2	19,990	9.4	81,454	11.7	19.7
100-200	25,076	15.1	151,517	23.3	33,823	22.3	117,694	23.6	22.3
200-500	7,373	4.4	307,173	13.9	80,053	15.5	227,119	13.4	26.1
500-1,000	1,030	0.6	766,609	4.8	242,295	6.6	524,314	4.3	31.6
More than 1,000	776	0.5	3,887,542	18.5	1,452,564	29.6	2,434,978	15.1	37.4
All	166,655	100.0	97,956	100.0	22,868	100.0	75,088	100.0	23.3

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

Number of AMT Taxpayers (millions). Baseline: 4.6

Proposal: 5.2

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal shows the effect of indexing all tax parameters by the chained CPI between 2014 and 2030, evaluated at 2020 income levels. It therefore shows the effect of having indexed the tax system using the chained CPI for the previous 16 years. We assume the annual growth rate of the chained CPI is 0.25 percentage points lower than the CPI-U growth rate. For a description of TPC's current law baseline, see

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(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 T13-0121
Effect of Using Chained CPI to Index Tax Parameters Between 2014 and 2030, Evaluated at 2020 Income Levels
Distribution of Federal Tax Change by Cash Income Level, 2020 ¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2012 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	8.5	-0.1	0.3	4	0.6	0.0	0.5	0.1	9.3
10-20	0.2	45.8	-0.2	4.0	27	2.0	0.0	2.1	0.2	8.0
20-30	0.1	57.2	-0.2	6.5	50	1.5	0.0	4.3	0.2	11.4
30-40	*	84.9	-0.2	7.7	72	1.2	0.0	6.5	0.2	14.7
40-50	0.0	96.6	-0.2	8.7	95	1.1	0.0	8.2	0.2	16.9
50-75	0.0	98.6	-0.4	30.3	231	1.6	0.1	20.1	0.3	21.4
75-100	0.0	99.1	-0.3	14.0	257	1.1	0.0	13.1	0.3	24.0
100-200	0.0	98.6	-0.3	15.0	328	0.9	0.0	17.2	0.2	25.5
200-500	0.0	98.5	-0.4	8.1	990	1.1	0.0	7.5	0.3	28.7
500-1,000	0.0	97.4	-0.4	2.7	2,058	0.8	0.0	3.4	0.3	33.2
More than 1,000	0.0	99.5	-0.1	2.9	2,682	0.2	-0.1	16.9	0.1	39.6
All	0.1	70.2	-0.3	100.0	124	1.0	0.0	100.0	0.2	21.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2020 ¹

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	7,909	10.9	6,259	1.2	576	0.5	5,683	1.4	9.2
10-20	13,063	17.9	17,510	5.6	1,381	2.0	16,129	6.6	7.9
20-30	11,731	16.1	28,998	8.4	3,242	4.3	25,756	9.5	11.2
30-40	9,651	13.3	40,697	9.7	5,901	6.5	34,796	10.6	14.5
40-50	8,257	11.3	52,320	10.6	8,768	8.2	43,552	11.3	16.8
50-75	11,838	16.3	70,784	20.6	14,905	20.0	55,879	20.8	21.1
75-100	4,897	6.7	99,727	12.0	23,671	13.1	76,057	11.7	23.7
100-200	4,124	5.7	146,337	14.9	36,929	17.3	109,408	14.2	25.2
200-500	738	1.0	316,744	5.8	89,803	7.5	226,941	5.3	28.4
500-1,000	118	0.2	772,219	2.2	254,047	3.4	518,172	1.9	32.9
More than 1,000	98	0.1	3,885,834	9.4	1,534,799	17.1	2,351,034	7.3	39.5
All	72,816	100.0	55,809	100.0	12,119	100.0	43,689	100.0	21.7

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

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal shows the effect of indexing all tax parameters by the chained CPI between 2014 and 2030, evaluated at 2020 income levels. It therefore shows the effect of having indexed the tax system using the chained CPI for the previous 16 years. We assume the annual growth rate of the chained CPI is 0.25 percentage points lower than the CPI-U growth rate. 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) 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 T13-0121
Effect of Using Chained CPI to Index Tax Parameters Between 2014 and 2030, Evaluated at 2020 Income Levels
Distribution of Federal Tax Change by Cash Income Level, 2020 ¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2012 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.1	6.3	-0.1	0.0	6	2.0	0.0	0.0	0.1	5.6
10-20	0.3	41.9	-0.3	0.4	54	-380.1	0.0	0.0	0.3	0.2
20-30	0.1	59.1	-0.5	1.7	140	13.1	0.0	0.1	0.5	4.1
30-40	0.2	66.4	-0.5	2.9	188	6.2	0.0	0.5	0.5	7.8
40-50	0.2	71.0	-0.4	3.4	181	3.5	0.0	0.9	0.3	10.3
50-75	0.2	90.0	-0.2	7.2	143	1.5	0.0	4.4	0.2	13.1
75-100	0.1	98.1	-0.2	7.3	165	0.9	0.0	7.4	0.2	17.7
100-200	*	99.4	-0.4	36.1	453	1.4	0.1	24.6	0.3	21.9
200-500	0.0	99.5	-0.5	27.5	1,046	1.3	0.1	19.3	0.3	26.1
500-1,000	0.0	99.3	-0.4	6.8	1,897	0.8	0.0	8.0	0.3	31.7
More than 1,000	0.0	99.7	-0.1	6.6	2,512	0.2	-0.3	34.7	0.1	37.2
All	0.1	88.2	-0.3	100.0	376	0.9	0.0	100.0	0.2	25.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2020 ¹

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	926	1.4	5,552	0.1	304	0.0	5,248	0.1	5.5
10-20	1,963	3.0	18,216	0.3	-14	0.0	18,230	0.5	-0.1
20-30	3,040	4.7	29,391	0.8	1,072	0.1	28,319	1.1	3.7
30-40	3,812	5.8	41,074	1.5	3,009	0.4	38,065	1.8	7.3
40-50	4,532	6.9	52,831	2.3	5,242	0.9	47,589	2.7	9.9
50-75	12,426	19.0	72,376	8.5	9,367	4.4	63,009	9.8	12.9
75-100	10,815	16.6	102,461	10.4	17,936	7.4	84,525	11.5	17.5
100-200	19,520	29.9	153,215	28.2	33,038	24.5	120,177	29.4	21.6
200-500	6,439	9.9	305,833	18.6	78,623	19.2	227,210	18.3	25.7
500-1,000	878	1.4	766,285	6.3	241,030	8.0	525,255	5.8	31.5
More than 1,000	646	1.0	3,836,116	23.4	1,423,459	34.9	2,412,657	19.5	37.1
All	65,281	100.0	162,551	100.0	40,357	100.0	122,194	100.0	24.8

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

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal shows the effect of indexing all tax parameters by the chained CPI between 2014 and 2030, evaluated at 2020 income levels. It therefore shows the effect of having indexed the tax system using the chained CPI for the previous 16 years. We assume the annual growth rate of the chained CPI is 0.25 percentage points lower than the CPI-U growth rate. 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) 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 T13-0121
Effect of Using Chained CPI to Index Tax Parameters Between 2014 and 2030, Evaluated at 2020 Income Levels
Distribution of Federal Tax Change by Cash Income Level, 2020¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2012 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	5.0	0.0	0.1	3	-0.5	0.0	-0.6	0.1	-10.2
10-20	2.8	61.7	-0.5	7.1	95	-7.3	0.3	-2.4	0.5	-6.9
20-30	1.6	89.0	-0.9	20.0	267	88.8	0.5	1.2	0.9	1.9
30-40	0.2	93.5	-0.9	25.1	339	9.5	0.5	7.8	0.8	9.7
40-50	0.6	94.4	-0.5	12.0	227	3.1	0.0	10.7	0.4	14.4
50-75	0.1	97.2	-0.3	13.3	167	1.3	-0.4	27.1	0.2	17.9
75-100	0.0	98.9	-0.4	9.9	308	1.5	-0.2	18.4	0.3	21.3
100-200	0.0	98.2	-0.4	8.7	411	1.2	-0.3	19.4	0.3	23.9
200-500	0.0	99.2	-0.5	2.8	1,056	1.2	-0.1	6.1	0.3	27.4
500-1,000	0.0	95.9	-0.3	0.6	1,534	0.7	-0.1	2.4	0.2	30.8
More than 1,000	0.0	99.4	-0.1	0.6	2,212	0.2	-0.3	9.8	0.1	36.2
All	0.9	83.1	-0.5	100.0	227	2.8	0.0	100.0	0.4	15.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2020¹

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	1,611	6.3	7,258	0.9	-742	-0.6	8,001	1.1	-10.2
10-20	4,288	16.8	17,591	5.6	-1,304	-2.7	18,895	7.1	-7.4
20-30	4,333	17.0	29,309	9.4	301	0.6	29,008	11.0	1.0
30-40	4,277	16.8	40,443	12.8	3,580	7.3	36,864	13.8	8.9
40-50	3,058	12.0	52,527	11.9	7,312	10.7	45,215	12.1	13.9
50-75	4,593	18.0	70,765	24.0	12,512	27.5	58,253	23.4	17.7
75-100	1,852	7.3	100,117	13.7	20,984	18.6	79,133	12.8	21.0
100-200	1,224	4.8	142,678	12.9	33,647	19.7	109,031	11.7	23.6
200-500	151	0.6	315,565	3.5	85,284	6.2	230,281	3.0	27.0
500-1,000	23	0.1	742,033	1.3	226,866	2.5	515,167	1.0	30.6
More than 1,000	16	0.1	3,643,126	4.3	1,315,763	10.0	2,327,363	3.2	36.1
All	25,484	100.0	53,089	100.0	8,195	100.0	44,893	100.0	15.4

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

* Less than 0.05

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(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 T13-0121
Effect of Using Chained CPI to Index Tax Parameters Between 2014 and 2030, Evaluated at 2020 Income Levels
Distribution of Federal Tax Change by Cash Income Level, 2020¹
Detail Table - Tax Units with Children

Cash Income Level (thousands of 2012 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	*	3.3	-0.1	0.1	5	-0.5	0.0	-0.1	0.1	-12.9
10-20	0.5	68.5	-0.6	2.9	111	-6.0	0.0	-0.6	0.6	-9.9
20-30	0.1	92.4	-1.0	8.3	306	-67.5	0.1	-0.1	1.1	-0.5
30-40	0.2	94.5	-1.0	10.7	390	13.3	0.1	1.2	1.0	8.2
40-50	0.4	93.7	-0.6	6.6	287	4.3	0.1	2.0	0.5	13.2
50-75	0.3	95.2	-0.3	8.5	185	1.6	0.0	6.9	0.3	16.5
75-100	0.1	98.5	-0.3	7.2	206	1.1	0.0	8.7	0.2	19.1
100-200	0.1	99.3	-0.4	26.2	449	1.3	0.0	25.4	0.3	22.5
200-500	0.1	99.5	-0.5	20.6	1,134	1.4	0.0	18.8	0.4	26.7
500-1,000	0.1	99.0	-0.4	4.6	1,916	0.8	0.0	7.5	0.3	31.9
More than 1,000	0.1	99.6	-0.1	4.3	2,542	0.2	-0.3	30.1	0.1	37.3
All	0.2	90.0	-0.4	100.0	362	1.3	0.0	100.0	0.3	23.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2020¹

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	2,083	3.9	6,860	0.2	-892	-0.1	7,751	0.3	-13.0
10-20	5,055	9.4	17,684	1.4	-1,869	-0.6	19,553	2.0	-10.6
20-30	5,235	9.8	29,217	2.4	-453	-0.2	29,670	3.2	-1.6
30-40	5,324	9.9	40,657	3.4	2,924	1.0	37,733	4.1	7.2
40-50	4,432	8.3	52,698	3.6	6,648	2.0	46,050	4.2	12.6
50-75	8,831	16.5	72,065	9.9	11,720	6.9	60,345	10.9	16.3
75-100	6,814	12.7	102,179	10.9	19,356	8.8	82,823	11.5	18.9
100-200	11,288	21.1	152,836	26.9	33,941	25.4	118,895	27.3	22.2
200-500	3,508	6.6	307,229	16.8	80,786	18.8	226,443	16.2	26.3
500-1,000	469	0.9	768,293	5.6	242,862	7.6	525,431	5.0	31.6
More than 1,000	327	0.6	3,770,583	19.2	1,402,148	30.4	2,368,435	15.8	37.2
All	53,541	100.0	119,850	100.0	28,156	100.0	91,694	100.0	23.5

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

* Less than 0.05

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

(1) Calendar year. Baseline is current law. Proposal shows the effect of indexing all tax parameters by the chained CPI between 2014 and 2030, evaluated at 2020 income levels. It therefore shows the effect of having indexed the tax system using the chained CPI for the previous 16 years. We assume the annual growth rate of the chained CPI is 0.25 percentage points lower than the CPI-U growth rate. 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) 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 T13-0121
Effect of Using Chained CPI to Index Tax Parameters Between 2014 and 2030, Evaluated at 2020 Income Levels
Distribution of Federal Tax Change by Cash Income Level, 2020¹
Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2012 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.3	0.0	0.0	0.0	1.7
10-20	0.0	2.5	0.0	0.1	1	1.0	0.0	0.1	0.0	0.6
20-30	0.0	12.2	0.0	0.6	9	1.4	0.0	0.5	0.0	2.1
30-40	0.1	54.1	-0.1	2.7	40	2.2	0.0	1.3	0.1	4.5
40-50	0.1	72.7	-0.1	4.4	68	2.1	0.0	2.2	0.1	6.4
50-75	0.0	88.9	-0.2	17.9	154	2.3	0.1	8.0	0.2	9.5
75-100	0.0	97.7	-0.2	12.3	210	1.6	0.0	8.2	0.2	13.6
100-200	0.0	98.3	-0.4	30.0	455	1.7	0.1	17.9	0.3	17.7
200-500	0.1	99.2	-0.4	19.1	937	1.3	0.0	15.0	0.3	23.8
500-1,000	0.2	98.8	-0.4	5.9	1,902	0.8	0.0	7.5	0.3	31.3
More than 1,000	0.3	99.4	-0.1	6.9	2,564	0.2	-0.3	39.3	0.1	37.6
All	*	60.8	-0.2	100.0	176	1.0	0.0	100.0	0.2	18.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2020¹

Cash Income Level (thousands of 2012 dollars) ²	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	1,365	3.4	6,347	0.2	108	0.0	6,239	0.3	1.7
10-20	5,264	13.2	18,092	2.6	110	0.1	17,982	3.1	0.6
20-30	5,249	13.2	28,761	4.1	604	0.5	28,157	4.9	2.1
30-40	4,657	11.7	40,968	5.2	1,812	1.2	39,156	6.0	4.4
40-50	4,528	11.4	52,164	6.4	3,248	2.2	48,916	7.3	6.2
50-75	8,151	20.5	71,392	15.7	6,643	7.9	64,749	17.5	9.3
75-100	4,107	10.3	101,320	11.2	13,614	8.2	87,707	11.9	13.4
100-200	4,619	11.6	151,847	18.9	26,351	17.8	125,496	19.2	17.4
200-500	1,423	3.6	307,635	11.8	72,117	15.0	235,517	11.1	23.4
500-1,000	218	0.6	761,295	4.5	236,348	7.5	524,947	3.8	31.1
More than 1,000	189	0.5	3,814,064	19.5	1,431,943	39.6	2,382,121	14.9	37.5
All	39,800	100.0	93,025	100.0	17,193	100.0	75,832	100.0	18.5

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

* Less than 0.05

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

(1) Calendar year. Baseline is current law. Proposal shows the effect of indexing all tax parameters by the chained CPI between 2014 and 2030, evaluated at 2020 income levels. It therefore shows the effect of having indexed the tax system using the chained CPI for the previous 16 years. We assume the annual growth rate of the chained CPI is 0.25 percentage points lower than the CPI-U growth rate. 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) 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.