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Table T13-0122
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 Percentile, 2020 ¹
Summary Table

Cash Income Percentile ^{2,3}	Tax Units with Tax Increase or Cut ⁴				Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut		With Tax Increase					Change (%)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	0.6	-85	41.7	121	-0.3	5.2	50	0.3	5.4
Second Quintile	0.1	-89	83.0	179	-0.4	14.0	148	0.4	12.6
Middle Quintile	0.1	-81	94.0	193	-0.3	15.2	181	0.3	17.1
Fourth Quintile	*	**	98.6	259	-0.3	17.9	255	0.2	20.5
Top Quintile	0.1	-315	99.2	800	-0.3	47.8	784	0.2	29.8
All	0.2	-102	79.5	305	-0.3	100.0	241	0.3	23.6
Addendum									
80-90	*	**	99.2	492	-0.4	14.8	484	0.3	23.0
90-95	*	**	99.5	657	-0.4	9.9	652	0.3	24.6
95-99	0.4	-378	99.0	1,343	-0.5	15.7	1,305	0.3	27.9
Top 1 Percent	0.2	-345	99.0	2,454	-0.1	7.3	2,370	0.1	36.8
Top 0.1 Percent	0.2	-436	99.6	2,678	0.0	0.8	2,591	0.0	38.6

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) 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% \$25,913; 40% \$47,365; 60% \$74,561; 80% \$115,611; 90% \$166,801; 95% \$232,013; 99% \$625,461; 99.9% \$4,206,210.

(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 T13-0122
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 Percentile, 2020¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.6	41.7	-0.3	5.2	50	5.6	0.0	1.0	0.3	5.4
Second Quintile	0.1	83.0	-0.4	14.0	148	2.9	0.1	5.2	0.4	12.6
Middle Quintile	0.1	94.0	-0.3	15.2	181	1.6	0.1	10.4	0.3	17.1
Fourth Quintile	*	98.6	-0.3	17.9	255	1.2	0.0	16.4	0.2	20.5
Top Quintile	0.1	99.2	-0.3	47.8	784	0.8	-0.2	66.9	0.2	29.8
All	0.2	79.5	-0.3	100.0	241	1.1	0.0	100.0	0.3	23.6
Addendum										
80-90	*	99.2	-0.4	14.8	484	1.4	0.0	11.5	0.3	23.0
90-95	*	99.5	-0.4	9.9	652	1.1	0.0	9.1	0.3	24.6
95-99	0.4	99.0	-0.5	15.7	1,305	1.2	0.0	13.4	0.3	27.9
Top 1 Percent	0.2	99.0	-0.1	7.3	2,370	0.2	-0.3	32.9	0.1	36.8
Top 0.1 Percent	0.2	99.6	0.0	0.8	2,591	0.1	-0.2	16.4	0.0	38.6

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

Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	41,826	25.1	17,301	4.4	882	1.0	16,419	5.5	5.1	
Second Quintile	37,854	22.7	42,275	9.8	5,185	5.2	37,090	11.2	12.3	
Middle Quintile	33,624	20.2	69,364	14.3	11,701	10.3	57,663	15.5	16.9	
Fourth Quintile	28,134	16.9	109,575	18.9	22,157	16.4	87,418	19.7	20.2	
Top Quintile	24,451	14.7	353,437	52.9	104,580	67.1	248,857	48.6	29.6	
All	166,655	100.0	97,956	100.0	22,868	100.0	75,088	100.0	23.3	
Addendum										
80-90	12,283	7.4	156,631	11.8	35,552	11.5	121,079	11.9	22.7	
90-95	6,089	3.7	234,300	8.7	56,977	9.1	177,323	8.6	24.3	
95-99	4,837	2.9	382,679	11.3	105,419	13.4	277,259	10.7	27.6	
Top 1 Percent	1,242	0.8	2,770,310	21.1	1,017,481	33.2	1,752,829	17.4	36.7	
Top 0.1 Percent	127	0.1	12,918,205	10.0	4,979,447	16.5	7,938,759	8.0	38.6	

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

(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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Table T13-0122
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 Percentile Adjusted for Family Size, 2020¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.8	43.5	-0.5	6.6	79	25.2	0.1	0.3	0.5	2.4
Second Quintile	0.2	69.3	-0.4	11.6	139	3.3	0.1	3.8	0.4	11.4
Middle Quintile	0.1	90.0	-0.2	9.5	113	1.2	0.0	8.3	0.2	15.3
Fourth Quintile	*	98.4	-0.3	19.9	247	1.3	0.0	15.8	0.3	19.9
Top Quintile	0.1	99.1	-0.3	52.4	639	0.8	-0.2	71.8	0.2	29.3
All	0.2	79.5	-0.3	100.0	241	1.1	0.0	100.0	0.3	23.6
Addendum										
80-90	0.0	99.3	-0.4	17.3	404	1.4	0.0	13.5	0.3	22.8
90-95	*	99.1	-0.4	11.0	555	1.2	0.0	9.9	0.3	24.8
95-99	0.3	98.9	-0.4	16.1	1,023	1.2	0.0	14.7	0.3	27.2
Top 1 Percent	0.4	98.7	-0.1	8.0	2,238	0.3	-0.3	33.7	0.1	36.7
Top 0.1 Percent	0.3	99.5	0.0	1.0	2,584	0.1	-0.2	17.1	0.0	38.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2020¹

Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	33,539	20.1	16,199	3.3	314	0.3	15,885	4.3	1.9	
Second Quintile	33,453	20.1	38,107	7.8	4,215	3.7	33,892	9.1	11.1	
Middle Quintile	33,717	20.2	61,746	12.8	9,331	8.3	52,415	14.1	15.1	
Fourth Quintile	32,253	19.4	94,461	18.7	18,567	15.7	75,894	19.6	19.7	
Top Quintile	32,928	19.8	286,513	57.8	83,275	72.0	203,238	53.5	29.1	
All	166,655	100.0	97,956	100.0	22,868	100.0	75,088	100.0	23.3	
Addendum										
80-90	17,197	10.3	132,694	14.0	29,907	13.5	102,787	14.1	22.5	
90-95	7,980	4.8	192,416	9.4	47,068	9.9	145,348	9.3	24.5	
95-99	6,321	3.8	328,480	12.7	88,236	14.6	240,245	12.1	26.9	
Top 1 Percent	1,431	0.9	2,474,601	21.7	904,702	34.0	1,569,899	18.0	36.6	
Top 0.1 Percent	147	0.1	11,563,489	10.4	4,458,801	17.3	7,104,689	8.4	38.6	

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

(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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(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% \$17,405; 40% \$30,940; 60% \$47,380; 80% \$71,699; 90% \$101,190; 95% \$140,148; 99% \$382,106; 99.9% \$2,520,516.

(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 T13-0122
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 Percentile Adjusted for Family Size, 2020¹
Detail Table - Single Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.2	30.7	-0.2	4.3	21	2.3	0.0	1.9	0.2	7.8
Second Quintile	*	55.9	-0.2	8.5	47	1.5	0.0	6.0	0.2	11.6
Middle Quintile	0.0	90.3	-0.2	11.9	73	1.0	0.0	11.7	0.2	15.6
Fourth Quintile	0.0	98.5	-0.4	30.0	215	1.5	0.1	20.1	0.3	20.9
Top Quintile	0.0	98.9	-0.3	45.3	374	0.8	-0.2	60.3	0.2	28.6
All	0.1	70.2	-0.3	100.0	124	1.0	0.0	100.0	0.2	21.9
Addendum										
80-90	0.0	99.2	-0.4	17.8	260	1.1	0.0	16.5	0.3	24.1
90-95	0.0	98.4	-0.3	9.9	303	0.9	0.0	11.4	0.2	25.3
95-99	0.0	98.6	-0.4	10.7	652	1.0	0.0	10.8	0.3	27.1
Top 1 Percent	0.0	97.9	-0.2	6.8	2,112	0.3	-0.2	21.6	0.1	37.8
Top 0.1 Percent	0.0	99.7	-0.1	1.0	2,785	0.1	-0.1	11.9	0.0	40.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2020¹

Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	18,016	24.7	12,004	5.3	914	1.9	11,090	6.3	7.6	
Second Quintile	16,183	22.2	28,439	11.3	3,237	5.9	25,202	12.8	11.4	
Middle Quintile	14,649	20.1	45,725	16.5	7,045	11.7	38,679	17.8	15.4	
Fourth Quintile	12,636	17.4	67,683	21.1	13,933	20.0	53,750	21.4	20.6	
Top Quintile	10,942	15.0	171,621	46.2	48,754	60.5	122,867	42.3	28.4	
All	72,816	100.0	55,809	100.0	12,119	100.0	43,689	100.0	21.7	
Addendum										
80-90	6,203	8.5	98,577	15.1	23,475	16.5	75,102	14.6	23.8	
90-95	2,960	4.1	135,158	9.9	33,864	11.4	101,294	9.4	25.1	
95-99	1,489	2.1	239,176	8.8	64,125	10.8	175,050	8.2	26.8	
Top 1 Percent	289	0.4	1,765,469	12.6	664,915	21.8	1,100,554	10.0	37.7	
Top 0.1 Percent	31	0.0	8,478,988	6.4	3,427,385	12.0	5,051,603	4.9	40.4	

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

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(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 T13-0122
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 Percentile Adjusted for Family Size, 2020¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.4	51.6	-0.6	3.4	143	47.8	0.0	0.1	0.6	1.9
Second Quintile	0.2	72.3	-0.4	6.5	172	3.2	0.0	2.0	0.3	11.2
Middle Quintile	0.1	87.5	-0.2	7.7	139	1.3	0.0	5.7	0.2	14.3
Fourth Quintile	*	98.2	-0.3	17.5	264	1.2	0.0	13.6	0.2	19.2
Top Quintile	0.0	99.5	-0.3	64.9	794	0.8	-0.1	78.5	0.2	29.4
All	0.1	88.2	-0.3	100.0	376	0.9	0.0	100.0	0.2	25.1
Addendum										
80-90	0.0	99.4	-0.4	19.5	492	1.4	0.1	12.6	0.3	22.2
90-95	0.0	99.6	-0.4	13.6	711	1.3	0.0	9.9	0.3	24.4
95-99	0.0	99.4	-0.4	21.6	1,157	1.2	0.1	16.8	0.3	27.1
Top 1 Percent	0.0	99.5	-0.1	10.2	2,317	0.2	-0.3	39.2	0.1	36.5
Top 0.1 Percent	0.0	99.8	0.0	1.2	2,618	0.1	-0.2	19.2	0.0	38.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2020¹

Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	5,750	8.8	22,762	1.2	299	0.1	22,463	1.6	1.3	
Second Quintile	9,319	14.3	50,493	4.4	5,466	1.9	45,027	5.3	10.8	
Middle Quintile	13,633	20.9	78,132	10.0	10,993	5.7	67,139	11.5	14.1	
Fourth Quintile	16,249	24.9	116,058	17.8	22,017	13.6	94,041	19.2	19.0	
Top Quintile	20,048	30.7	353,827	66.9	103,332	78.6	250,495	63.0	29.2	
All	65,281	100.0	162,551	100.0	40,357	100.0	122,194	100.0	24.8	
Addendum										
80-90	9,701	14.9	155,955	14.3	34,113	12.6	121,842	14.8	21.9	
90-95	4,680	7.2	230,962	10.2	55,697	9.9	175,265	10.3	24.1	
95-99	4,586	7.0	359,164	15.5	96,194	16.7	262,970	15.1	26.8	
Top 1 Percent	1,082	1.7	2,637,138	26.9	960,382	39.4	1,676,756	22.7	36.4	
Top 0.1 Percent	107	0.2	12,403,514	12.6	4,754,056	19.4	7,649,458	10.3	38.3	

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

* Less than 0.05

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(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 T13-0122
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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2020¹
Detail Table - Head of Household Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	2.0	62.7	-0.7	24.9	154	-17.3	0.8	-3.2	0.8	-3.6
Second Quintile	0.4	93.1	-0.8	38.5	302	6.5	0.6	17.0	0.7	11.3
Middle Quintile	*	95.5	-0.3	12.4	156	1.4	-0.4	24.9	0.2	17.6
Fourth Quintile	0.0	99.3	-0.4	12.5	268	1.4	-0.4	25.3	0.3	21.2
Top Quintile	0.0	98.2	-0.3	11.6	499	0.9	-0.7	36.0	0.2	27.5
All	0.9	83.1	-0.5	100.0	227	2.8	0.0	100.0	0.4	15.9
Addendum										
80-90	0.0	97.8	-0.4	5.8	359	1.2	-0.2	13.2	0.3	23.6
90-95	0.0	99.3	-0.4	2.0	523	1.2	-0.1	4.4	0.3	25.4
95-99	0.0	99.2	-0.4	2.9	966	1.1	-0.1	6.8	0.3	27.2
Top 1 Percent	0.0	97.9	-0.1	1.1	1,943	0.3	-0.3	11.6	0.1	35.4
Top 0.1 Percent	0.0	99.9	0.0	0.1	2,295	0.1	-0.2	5.4	0.0	37.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2020¹

Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	9,406	36.9	20,291	14.1	-888	-4.0	21,178	17.4	-4.4	
Second Quintile	7,375	28.9	43,947	24.0	4,654	16.4	39,292	25.3	10.6	
Middle Quintile	4,590	18.0	66,079	22.4	11,466	25.2	54,614	21.9	17.4	
Fourth Quintile	2,706	10.6	94,577	18.9	19,782	25.6	74,795	17.7	20.9	
Top Quintile	1,349	5.3	208,409	20.8	56,748	36.6	151,661	17.9	27.2	
All	25,484	100.0	53,089	100.0	8,195	100.0	44,893	100.0	15.4	
Addendum										
80-90	928	3.6	129,248	8.9	30,103	13.4	99,145	8.0	23.3	
90-95	219	0.9	170,735	2.8	42,890	4.5	127,845	2.4	25.1	
95-99	171	0.7	314,782	4.0	84,786	6.9	229,996	3.4	26.9	
Top 1 Percent	32	0.1	2,219,180	5.2	783,732	11.9	1,435,449	4.0	35.3	
Top 0.1 Percent	3	0.0	11,591,881	2.3	4,320,817	5.6	7,271,064	1.7	37.3	

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) 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% \$17,405; 40% \$30,940; 60% \$47,380; 80% \$71,699; 90% \$101,190; 95% \$140,148; 99% \$382,106; 99.9% \$2,520,516.

(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 T13-0122
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 Percentile Adjusted for Family Size, 2020¹
Detail Table - Tax Units with Children

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.3	67.9	-0.8	12.2	188	-15.7	0.2	-0.8	0.9	-4.7
Second Quintile	0.3	93.9	-0.7	18.8	310	5.5	0.2	4.6	0.6	11.8
Middle Quintile	0.1	96.7	-0.3	9.6	180	1.2	0.0	9.9	0.2	17.6
Fourth Quintile	0.1	99.4	-0.4	18.9	348	1.3	0.0	18.3	0.3	21.2
Top Quintile	0.1	99.3	-0.3	40.6	944	0.8	-0.4	68.0	0.2	30.6
All	0.2	90.0	-0.4	100.0	362	1.3	0.0	100.0	0.3	23.8
Addendum										
80-90	*	99.2	-0.4	11.5	568	1.3	0.0	11.4	0.3	24.2
90-95	*	99.7	-0.5	11.1	886	1.3	0.0	10.8	0.3	25.9
95-99	0.2	99.0	-0.5	12.3	1,550	1.2	0.0	13.3	0.3	29.2
Top 1 Percent	0.1	99.3	-0.1	5.7	2,488	0.2	-0.4	32.6	0.1	36.9
Top 0.1 Percent	0.1	99.8	0.0	0.6	2,521	0.1	-0.2	15.1	0.0	38.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2020¹

Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	12,575	23.5	21,621	4.2	-1,199	-1.0	22,820	5.9	-5.5	
Second Quintile	11,723	21.9	50,368	9.2	5,640	4.4	44,727	10.7	11.2	
Middle Quintile	10,284	19.2	83,586	13.4	14,516	9.9	69,070	14.5	17.4	
Fourth Quintile	10,472	19.6	125,910	20.6	26,319	18.3	99,591	21.2	20.9	
Top Quintile	8,312	15.5	408,576	52.9	123,928	68.3	284,649	48.2	30.3	
All	53,541	100.0	119,850	100.0	28,156	100.0	91,694	100.0	23.5	
Addendum										
80-90	3,910	7.3	183,319	11.2	43,775	11.4	139,544	11.1	23.9	
90-95	2,425	4.5	262,050	9.9	66,895	10.8	195,155	9.6	25.5	
95-99	1,535	2.9	452,917	10.8	130,536	13.3	322,381	10.1	28.8	
Top 1 Percent	442	0.8	3,049,685	21.0	1,122,383	32.9	1,927,302	17.4	36.8	
Top 0.1 Percent	42	0.1	14,179,867	9.4	5,438,733	15.3	8,741,134	7.5	38.4	

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) 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% \$17,405; 40% \$30,940; 60% \$47,380; 80% \$71,699; 90% \$101,190; 95% \$140,148; 99% \$382,106; 99.9% \$2,520,516.

(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 T13-0122
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 Percentile Adjusted for Family Size, 2020¹
Detail Table - Elderly Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	2.6	0.0	0.2	2	1.5	0.0	0.1	0.0	0.9
Second Quintile	0.1	16.3	-0.1	2.3	18	2.2	0.0	1.1	0.1	2.6
Middle Quintile	0.0	76.2	-0.1	10.6	73	2.2	0.1	4.9	0.1	6.0
Fourth Quintile	0.0	96.0	-0.3	19.8	183	1.9	0.1	11.0	0.2	12.0
Top Quintile	*	98.6	-0.3	67.2	604	0.8	-0.2	82.9	0.2	26.7
All	*	60.8	-0.2	100.0	176	1.0	0.0	100.0	0.2	18.7
Addendum										
80-90	0.0	98.8	-0.4	22.1	390	2.0	0.1	11.3	0.3	16.2
90-95	0.0	97.7	-0.3	11.8	469	1.4	0.0	8.4	0.3	19.3
95-99	0.1	99.2	-0.4	20.8	869	1.3	0.0	16.9	0.3	23.7
Top 1 Percent	0.4	98.5	-0.2	12.6	2,246	0.3	-0.3	46.3	0.1	36.6
Top 0.1 Percent	0.5	99.2	-0.1	1.7	2,958	0.1	-0.2	24.1	0.0	39.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2020¹

Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	5,511	13.9	14,876	2.2	137	0.1	14,739	2.7	0.9	
Second Quintile	8,823	22.2	31,806	7.6	809	1.0	30,998	9.1	2.5	
Middle Quintile	10,112	25.4	55,446	15.1	3,256	4.8	52,189	17.5	5.9	
Fourth Quintile	7,536	18.9	83,974	17.1	9,916	10.9	74,059	18.5	11.8	
Top Quintile	7,789	19.6	276,111	58.1	72,969	83.1	203,142	52.4	26.4	
All	39,800	100.0	93,025	100.0	17,193	100.0	75,832	100.0	18.5	
Addendum										
80-90	3,961	10.0	121,625	13.0	19,354	11.2	102,271	13.4	15.9	
90-95	1,767	4.4	170,962	8.2	32,519	8.4	138,443	8.1	19.0	
95-99	1,670	4.2	294,717	13.3	68,983	16.8	225,734	12.5	23.4	
Top 1 Percent	391	1.0	2,235,227	23.6	815,348	46.6	1,419,879	18.4	36.5	
Top 0.1 Percent	41	0.1	10,342,575	11.5	4,038,446	24.3	6,304,129	8.6	39.1	

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

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(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% \$17,405; 40% \$30,940; 60% \$47,380; 80% \$71,699; 90% \$101,190; 95% \$140,148; 99% \$382,106; 99.9% \$2,520,516.

(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.