

Table T14-0094
Repeal the Individual Alternative Minimum Tax (AMT)
Effective Marginal Income Tax Rates on Wages, Salaries, and Capital Income
By Expanded Cash Income Percentile, 2023¹

Expanded Cash Income Percentile ²	Tax Units (thousands)	Individual Income Tax ³								Individual Income Tax Plus Payroll Tax ⁴	
		Wages and Salaries		Long-term Capital Gains		Qualified Dividends		Interest Income		Wages and Salaries	
		Current Law	Proposal	Current Law	Proposal	Current Law	Proposal	Current Law	Proposal	Current Law	Proposal
Lowest Quintile	44,498	4.5	4.5	0.9	0.9	0.8	0.8	4.9	4.9	19.4	19.4
Second Quintile	37,600	15.6	15.6	2.2	2.2	3.4	3.4	14.6	14.6	30.3	30.3
Third Quintile	35,273	19.3	19.1	8.3	8.1	11.2	11.1	22.2	22.1	34.0	33.8
Fourth Quintile	28,346	20.6	20.3	9.6	9.5	11.8	11.7	22.7	22.6	35.3	35.0
Top Quintile	25,146	31.7	31.5	22.4	22.1	22.7	22.0	35.2	35.1	40.0	39.8
All	172,542	25.1	24.9	20.9	20.6	19.9	19.3	27.6	27.4	36.5	36.3
Addendum											
80-90	12,780	25.3	25.0	14.2	13.8	15.2	14.8	26.9	26.3	38.1	37.9
90-95	6,112	27.7	26.7	17.6	16.0	18.6	16.8	29.8	28.2	37.8	36.8
95-99	4,968	32.8	32.6	21.2	19.0	22.7	19.9	35.1	33.8	39.5	39.2
Top 1 Percent	1,286	39.8	40.4	23.5	23.6	24.3	24.4	38.6	39.2	43.8	44.4
Top 0.1 Percent	130	40.4	40.5	23.9	24.0	24.4	24.6	38.4	38.9	44.2	44.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-5).

(1) Calendar year. A tax unit's effective marginal individual income tax rate is calculated by adding \$1,000 to the income source and then dividing the resulting tax change by \$1,000. The averages are calculated by weighting by the initial value by the appropriate income source.

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>. 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 2013 dollars): 20% \$26,827; 40% \$54,460; 60% \$95,241; 80% \$156,821; 90% \$230,152; 95% \$304,802; 99% \$779,814; 99.9% \$4,723,866.

(3) We calculate each tax unit's effective marginal individual income tax rate by adding \$1,000 to the income source and dividing the resulting tax change by that \$1,000. We then calculate the averages by weighting by the initial value of the appropriate income source.

(4) We calculate each tax unit's effective marginal individual plus payroll tax rate by adding \$1,000 to wages and salaries. We then divide the resulting change in individual income tax plus the resulting change in the employer and employee portions of payroll taxes for Social Security and Medicare by that \$1,000. We then calculate the averages by weighting by the initial value of wages and salaries. For married couples filing jointly, we assign a portion of the \$1,000 increase to each spouse based on their initial shares of the household's total wages and salaries.