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Table T15-0008
President Obama's State of the Union Proposal: Major Tax Increase Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2016 ¹
Summary Table

Expanded 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 (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	0.0	0	5.3	175	-0.1	0.8	11	0.1	3.2
Second Quintile	0.0	0	22.1	229	-0.2	3.2	54	0.1	8.6
Middle Quintile	0.0	0	63.2	206	-0.2	6.9	133	0.2	14.2
Fourth Quintile	0.0	0	96.6	242	-0.2	10.0	234	0.2	17.4
Top Quintile	0.0	0	99.7	2,061	-0.8	76.9	2,054	0.6	26.5
All	0.0	0	49.2	770	-0.5	100.0	380	0.4	20.4
Addendum									
80-90	0.0	0	99.6	238	-0.2	4.4	237	0.1	19.5
90-95	0.0	0	99.6	453	-0.2	4.2	452	0.2	21.6
95-99	0.0	0	99.7	1,681	-0.6	12.6	1,676	0.4	25.0
Top 1 Percent	0.0	0	99.9	29,101	-2.0	55.7	29,072	1.3	35.6
Top 0.1 Percent	0.0	0	100.0	168,121	-2.6	33.0	168,087	1.6	38.2

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

Number of AMT Taxpayers (millions). Baseline: 4.8

Proposal: 4.8

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current law. Proposal would: (a) raise the top tax rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent; (b) tax unrealized capital gains at death (table shows the fully-phased in impact of this provision); (c) impose a tax on financial institutions; (d) limit the size of accumulated balances in IRA and 401(k)-type retirement accounts; and (e) repeal the deduction for student loan interest for new borrowers (table shows the fully phased in effect).

Although the education credit provisions provide a net tax increase for some tax units because of the repeal of the Lifetime Learning Credit, they are included in the Tax Decrease Provision Tables, T15-0009 and T15-0010. Estimates in this table are based on descriptions of these proposals provided by the Administration in its fact sheet:

<http://www.whitehouse.gov/the-press-office/2015/01/17/fact-sheet-simpler-fairer-tax-code-responsibly-invests-middle-class-fami>

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 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>

(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 2013 dollars): 20% \$25,260; 40% \$49,086; 60% \$84,055; 80% \$141,662; 90% \$200,181; 95% \$279,647; 99% \$663,130; 99.9% \$3,446,944.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

Table T15-0008
President Obama's State of the Union Proposal: Major Tax Increase Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2016¹
Detail Table

Expanded 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	5.3	-0.1	0.8	11	2.3	0.0	0.7	0.1	3.2
Second Quintile	0.0	22.1	-0.2	3.2	54	1.7	0.0	3.8	0.1	8.6
Middle Quintile	0.0	63.2	-0.2	6.9	133	1.4	-0.1	10.1	0.2	14.2
Fourth Quintile	0.0	96.6	-0.2	10.0	234	1.2	-0.1	17.2	0.2	17.4
Top Quintile	0.0	99.7	-0.8	76.9	2,054	2.3	0.2	68.0	0.6	26.5
All	0.0	49.2	-0.5	100.0	380	2.0	0.0	100.0	0.4	20.4
Addendum										
80-90	0.0	99.6	-0.2	4.4	237	0.7	-0.2	12.7	0.1	19.5
90-95	0.0	99.6	-0.2	4.2	452	0.9	-0.1	9.9	0.2	21.6
95-99	0.0	99.7	-0.6	12.6	1,676	1.7	-0.1	15.0	0.4	25.0
Top 1 Percent	0.0	99.9	-2.0	55.7	29,072	3.8	0.5	30.3	1.3	35.6
Top 0.1 Percent	0.0	100.0	-2.6	33.0	168,087	4.4	0.4	15.3	1.6	38.2

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2016¹

Expanded 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	43,584	26.5	15,614	4.4	487	0.7	15,127	5.3	3.1	
Second Quintile	36,537	22.2	38,416	9.0	3,230	3.8	35,187	10.3	8.4	
Middle Quintile	32,617	19.8	68,960	14.4	9,677	10.2	59,283	15.5	14.0	
Fourth Quintile	26,860	16.3	116,375	20.1	20,002	17.3	96,373	20.8	17.2	
Top Quintile	23,468	14.2	346,310	52.2	89,769	67.8	256,541	48.3	25.9	
All	164,808	100.0	94,528	100.0	18,855	100.0	75,672	100.0	20.0	
Addendum										
80-90	11,738	7.1	175,719	13.2	34,095	12.9	141,624	13.3	19.4	
90-95	5,828	3.5	249,464	9.3	53,380	10.0	196,084	9.2	21.4	
95-99	4,701	2.9	405,931	12.3	99,709	15.1	306,222	11.5	24.6	
Top 1 Percent	1,200	0.7	2,251,054	17.4	771,891	29.8	1,479,163	14.2	34.3	
Top 0.1 Percent	123	0.1	10,363,091	8.2	3,789,029	15.0	6,574,062	6.5	36.6	

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

Number of AMT Taxpayers (millions). Baseline: 4.8

Proposal: 4.8

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would: (a) raise the top tax rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent; (b) tax unrealized capital gains at death (table shows the fully-phased in impact of this provision); (c) impose a tax on financial institutions; (d) limit the size of accumulated balances in IRA and 401(k)-type retirement accounts; and (e) repeal the deduction for student loan interest for new borrowers (table shows the fully phased in effect).

Although the education credit provisions provide a net tax increase for some tax units because of the repeal of the Lifetime Learning Credit, they are included in the Tax Decrease Provisions tables, T15-0009 and T15-0010. Estimates in this table are based on descriptions of these proposals provided by the Administration in its fact sheet:

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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 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>

(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 2013 dollars): 20% \$25,260; 40% \$49,086; 60% \$84,055; 80% \$141,662; 90% \$200,181; 95% \$279,647; 99% \$663,130; 99.9% \$3,446,944.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

Table T15-0008
President Obama's State of the Union Proposal: Major Tax Increase Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table

Expanded 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	4.1	-0.1	0.5	9	-9.6	0.0	-0.1	0.1	-0.6
Second Quintile	0.0	18.0	-0.1	1.4	26	1.1	0.0	2.5	0.1	6.9
Middle Quintile	0.0	50.6	-0.2	4.1	79	1.1	-0.1	7.8	0.1	12.5
Fourth Quintile	0.0	86.0	-0.2	8.1	165	1.0	-0.2	16.4	0.2	16.8
Top Quintile	0.0	98.8	-0.8	83.7	1,732	2.3	0.2	73.1	0.6	26.3
All	0.0	49.2	-0.5	100.0	380	2.0	0.0	100.0	0.4	20.4
Addendum										
80-90	0.0	98.2	-0.3	8.4	344	1.2	-0.1	14.4	0.2	19.8
90-95	0.0	99.2	-0.2	4.3	361	0.8	-0.1	10.9	0.2	21.7
95-99	0.0	99.8	-0.5	12.8	1,337	1.6	-0.1	16.4	0.4	24.6
Top 1 Percent	0.0	99.5	-2.0	58.2	25,519	3.8	0.5	31.4	1.3	35.4
Top 0.1 Percent	0.0	99.9	-2.6	35.1	152,224	4.5	0.4	16.0	1.7	38.2

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded 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	35,428	21.5	14,757	3.4	-90	-0.1	14,847	4.2	-0.6	
Second Quintile	34,281	20.8	34,237	7.5	2,327	2.6	31,910	8.8	6.8	
Middle Quintile	32,453	19.7	60,773	12.7	7,516	7.9	53,257	13.9	12.4	
Fourth Quintile	30,625	18.6	101,233	19.9	16,810	16.6	84,422	20.7	16.6	
Top Quintile	30,280	18.4	291,199	56.6	74,754	72.8	216,445	52.6	25.7	
All	164,808	100.0	94,528	100.0	18,855	100.0	75,672	100.0	20.0	
Addendum										
80-90	15,359	9.3	149,959	14.8	29,309	14.5	120,650	14.9	19.5	
90-95	7,494	4.6	212,543	10.2	45,758	11.0	166,785	10.0	21.5	
95-99	5,998	3.6	351,455	13.5	85,272	16.5	266,183	12.8	24.3	
Top 1 Percent	1,428	0.9	1,970,005	18.1	671,522	30.9	1,298,483	14.9	34.1	
Top 0.1 Percent	144	0.1	9,201,391	8.5	3,362,649	15.6	5,838,743	6.8	36.6	

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

Number of AMT Taxpayers (millions). Baseline: 4.8

Proposal: 4.8

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would: (a) raise the top tax rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent; (b) tax unrealized capital gains at death (table shows the fully-phased in impact of this provision); (c) impose a tax on financial institutions; (d) limit the size of accumulated balances in IRA and 401(k)-type retirement accounts; and (e) repeal the deduction for student loan interest for new borrowers (table shows the fully phased in effect).

Although the education credit provisions provide a net tax increase for some tax units because of the repeal of the Lifetime Learning Credit, they are included in the

Tax Decrease Provisions tables, T15-0009 and T15-0010. Estimates in this table are based on descriptions of these proposals provided by the Administration in its fact sheet:

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<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 2013 dollars): 20% \$17,488; 40% \$32,340; 60% \$53,324; 80% \$84,999; 90% \$119,750; 95% \$166,406; 99% \$394,734; 99.9% \$2,075,547.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

Table T15-0008
President Obama's State of the Union Proposal: Major Tax Increase Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Single Tax Units

Expanded 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	-0.1	1.2	10	1.8	0.0	1.7	0.1	5.0
Second Quintile	0.0	12.8	-0.1	3.0	30	1.3	-0.1	6.0	0.1	9.2
Middle Quintile	0.0	31.6	-0.3	8.5	107	1.7	-0.1	12.3	0.2	13.9
Fourth Quintile	0.0	72.7	-0.5	16.5	261	1.9	-0.1	21.4	0.4	19.1
Top Quintile	0.0	97.2	-1.0	67.0	1,399	2.9	0.2	58.1	0.8	26.7
All	0.0	32.3	-0.6	100.0	239	2.5	0.0	100.0	0.5	19.3
Addendum										
80-90	0.0	95.8	-0.8	18.0	689	3.1	0.1	15.0	0.7	21.9
90-95	0.0	98.7	-0.4	4.9	405	1.2	-0.1	10.2	0.3	23.4
95-99	0.0	99.4	-0.6	9.3	1,148	1.9	-0.1	12.3	0.5	25.0
Top 1 Percent	0.0	98.5	-2.4	34.9	20,637	4.4	0.4	20.6	1.5	36.7
Top 0.1 Percent	0.0	99.7	-3.1	21.1	127,387	5.0	0.3	10.9	1.9	40.3

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded 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	21,601	29.0	11,534	6.7	571	1.8	10,963	7.8	5.0	
Second Quintile	18,079	24.3	26,152	12.7	2,366	6.1	23,786	14.2	9.1	
Middle Quintile	14,176	19.1	44,707	17.0	6,126	12.4	38,581	18.1	13.7	
Fourth Quintile	11,244	15.1	71,949	21.7	13,469	21.6	58,480	21.7	18.7	
Top Quintile	8,516	11.4	183,916	42.0	47,766	57.9	136,150	38.3	26.0	
All	74,432	100.0	50,088	100.0	9,438	100.0	40,650	100.0	18.8	
Addendum										
80-90	4,646	6.2	105,943	13.2	22,560	14.9	83,383	12.8	21.3	
90-95	2,137	2.9	147,173	8.4	33,982	10.3	113,191	8.0	23.1	
95-99	1,433	1.9	247,647	9.5	60,811	12.4	186,835	8.9	24.6	
Top 1 Percent	301	0.4	1,345,525	10.9	472,829	20.3	872,696	8.7	35.1	
Top 0.1 Percent	29	0.0	6,634,759	5.2	2,549,367	10.7	4,085,392	4.0	38.4	

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

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would: (a) raise the top tax rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent; (b) tax unrealized capital gains at death (table shows the fully-phased in impact of this provision); (c) impose a tax on financial institutions; (d) limit the size of accumulated balances in IRA and 401(k)-type retirement accounts; and (e) repeal the deduction for student loan interest for new borrowers (table shows the fully phased in effect).

Although the education credit provisions provide a net tax increase for some tax units because of the repeal of the Lifetime Learning Credit, they are included in the Tax Decrease Provisions tables, T15-0009 and T15-0010. Estimates in this table are based on descriptions of these proposals provided by the Administration in its fact sheet: <http://www.whitehouse.gov/the-press-office/2015/01/17/fact-sheet-simpler-fairer-tax-code-responsibly-invests-middle-class-fami>

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<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 2013 dollars): 20% \$17,488; 40% \$32,340; 60% \$53,324; 80% \$84,999; 90% \$119,750; 95% \$166,406; 99% \$394,734; 99.9% \$2,075,547.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

Table T15-0008
President Obama's State of the Union Proposal: Major Tax Increase Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016¹
Detail Table - Married Tax Units Filing Jointly

Expanded 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	15.3	-0.1	0.2	12	-3.6	0.0	-0.1	0.1	-1.6
Second Quintile	0.0	37.9	-0.1	0.6	32	1.2	0.0	1.1	0.1	6.1
Middle Quintile	0.0	74.5	-0.1	2.0	68	0.8	-0.1	4.9	0.1	11.4
Fourth Quintile	0.0	95.1	-0.1	4.6	121	0.6	-0.2	13.9	0.1	15.7
Top Quintile	0.0	99.5	-0.8	91.0	1,894	2.2	0.2	79.9	0.6	26.1
All	0.0	77.8	-0.5	100.0	665	1.9	0.0	100.0	0.4	21.7
Addendum										
80-90	0.0	99.4	-0.1	4.7	200	0.6	-0.2	14.3	0.1	19.0
90-95	0.0	99.4	-0.2	4.3	356	0.7	-0.1	11.5	0.2	21.2
95-99	0.0	100.0	-0.5	14.6	1,412	1.5	-0.1	18.5	0.4	24.5
Top 1 Percent	0.0	100.0	-1.9	67.5	26,594	3.7	0.6	35.6	1.3	35.2
Top 0.1 Percent	0.0	100.0	-2.5	40.1	158,635	4.4	0.4	17.7	1.6	37.9

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016¹

Expanded 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	5,267	8.4	20,832	1.1	-349	-0.1	21,181	1.4	-1.7	
Second Quintile	8,390	13.3	46,070	3.8	2,782	1.1	43,288	4.5	6.0	
Middle Quintile	12,478	19.8	77,299	9.4	8,718	5.0	68,581	10.6	11.3	
Fourth Quintile	16,009	25.4	123,418	19.2	19,247	14.1	104,171	20.6	15.6	
Top Quintile	20,116	32.0	339,932	66.6	86,746	79.7	253,186	63.1	25.5	
All	62,924	100.0	163,166	100.0	34,788	100.0	128,378	100.0	21.3	
Addendum										
80-90	9,725	15.5	172,894	16.4	32,655	14.5	140,239	16.9	18.9	
90-95	4,992	7.9	243,068	11.8	51,067	11.7	192,001	11.9	21.0	
95-99	4,336	6.9	388,266	16.4	93,644	18.6	294,622	15.8	24.1	
Top 1 Percent	1,062	1.7	2,127,421	22.0	721,593	35.0	1,405,828	18.5	33.9	
Top 0.1 Percent	106	0.2	9,838,688	10.1	3,571,583	17.2	6,267,105	8.2	36.3	

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

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would: (a) raise the top tax rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent; (b) tax unrealized capital gains at death (table shows the fully-phased in impact of this provision); (c) impose a tax on financial institutions; (d) limit the size of accumulated balances in IRA and 401(k)-type retirement accounts; and (e) repeal the deduction for student loan interest for new borrowers (table shows the fully phased in effect).

Although the education credit provisions provide a net tax increase for some tax units because of the repeal of the Lifetime Learning Credit, they are included in the Tax Decrease Provisions tables, T15-0009 and T15-0010. Estimates in this table are based on descriptions of these proposals provided by the Administration in its fact sheet: <http://www.whitehouse.gov/the-press-office/2015/01/17/fact-sheet-simpler-fairer-tax-code-responsibly-invests-middle-class-fami>

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 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>

(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 2013 dollars): 20% \$17,488; 40% \$32,340; 60% \$53,324; 80% \$84,999; 90% \$119,750; 95% \$166,406; 99% \$394,734; 99.9% \$2,075,547.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

Table T15-0008
President Obama's State of the Union Proposal: Major Tax Increase Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016¹
Detail Table - Head of Household Tax Units

Expanded 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	0.9	0.0	2.4	3	-0.2	0.1	-9.8	0.0	-8.8
Second Quintile	0.0	8.0	0.0	8.1	11	0.7	0.0	8.0	0.0	3.9
Middle Quintile	0.0	46.6	0.0	11.5	23	0.3	-0.1	29.0	0.0	12.6
Fourth Quintile	0.0	90.3	-0.1	11.0	42	0.3	-0.1	30.6	0.0	17.1
Top Quintile	0.0	97.4	-0.4	65.7	613	1.1	0.2	42.0	0.3	24.9
All	0.0	26.4	-0.1	100.0	41	0.7	0.0	100.0	0.1	11.1
Addendum										
80-90	0.0	96.9	-0.1	4.6	68	0.2	-0.1	13.7	0.1	20.8
90-95	0.0	98.2	-0.1	2.7	125	0.3	0.0	6.5	0.1	22.2
95-99	0.0	98.4	-0.2	7.2	459	0.6	0.0	8.5	0.2	24.6
Top 1 Percent	0.0	96.0	-1.4	51.2	16,688	2.8	0.3	13.3	0.9	34.3
Top 0.1 Percent	0.0	100.0	-2.0	31.8	113,172	3.6	0.2	6.5	1.3	36.9

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016¹

Expanded 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	8,242	33.9	19,385	12.4	-1,712	-9.9	21,097	15.2	-8.8	
Second Quintile	7,252	29.8	40,938	23.0	1,571	8.0	39,367	24.9	3.8	
Middle Quintile	4,967	20.4	66,664	25.7	8,377	29.2	58,287	25.2	12.6	
Fourth Quintile	2,623	10.8	97,918	19.9	16,745	30.8	81,173	18.6	17.1	
Top Quintile	1,074	4.4	225,261	18.8	55,555	41.8	169,706	15.9	24.7	
All	24,338	100.0	52,994	100.0	5,864	100.0	47,130	100.0	11.1	
Addendum										
80-90	669	2.8	141,530	7.4	29,404	13.8	112,126	6.5	20.8	
90-95	217	0.9	193,985	3.3	42,996	6.5	150,990	2.9	22.2	
95-99	157	0.6	314,767	3.8	77,028	8.5	237,739	3.3	24.5	
Top 1 Percent	31	0.1	1,810,389	4.3	603,340	13.0	1,207,049	3.2	33.3	
Top 0.1 Percent	3	0.0	8,960,600	2.0	3,192,127	6.3	5,768,472	1.4	35.6	

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

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would: (a) raise the top tax rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent; (b) tax unrealized capital gains at death (table shows the fully-phased in impact of this provision); (c) impose a tax on financial institutions; (d) limit the size of accumulated balances in IRA and 401(k)-type retirement accounts; and (e) repeal the deduction for student loan interest for new borrowers (table shows the fully phased in effect).

Although the education credit provisions provide a net tax increase for some tax units because of the repeal of the Lifetime Learning Credit, they are included in the Tax Decrease Provisions tables, T15-0009 and T15-0010. Estimates in this table are based on descriptions of these proposals provided by the Administration in its fact sheet: <http://www.whitehouse.gov/the-press-office/2015/01/17/fact-sheet-simpler-fairer-tax-code-responsibly-invests-middle-class-fami>

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 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>

(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 2013 dollars): 20% \$17,488; 40% \$32,340; 60% \$53,324; 80% \$84,999; 90% \$119,750; 95% \$166,406; 99% \$394,734; 99.9% \$2,075,547.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

Table T15-0008
President Obama's State of the Union Proposal: Major Tax Increase Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Tax Units with Children

Expanded 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	3.2	0.0	0.5	6	-0.3	0.0	-1.9	0.0	-10.0
Second Quintile	0.0	19.7	0.0	1.4	15	0.8	0.0	1.7	0.0	4.0
Middle Quintile	0.0	73.5	-0.1	3.1	35	0.3	-0.1	8.8	0.0	12.5
Fourth Quintile	0.0	98.9	-0.1	5.6	64	0.3	-0.1	18.8	0.1	16.4
Top Quintile	0.0	99.8	-0.4	88.3	1,179	1.2	0.2	72.4	0.3	26.1
All	0.0	56.7	-0.2	100.0	229	1.0	0.0	100.0	0.2	19.1
Addendum										
80-90	0.0	99.8	-0.1	4.0	104	0.3	-0.1	14.4	0.1	19.5
90-95	0.0	99.8	-0.1	3.3	170	0.3	-0.1	11.4	0.1	21.4
95-99	0.0	99.9	-0.2	7.9	563	0.5	-0.1	15.9	0.1	25.0
Top 1 Percent	0.0	99.9	-1.3	73.2	20,227	2.4	0.4	30.7	0.8	35.2
Top 0.1 Percent	0.0	100.0	-1.9	46.0	134,229	3.2	0.3	14.4	1.2	37.7

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded 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	11,016	21.3	20,654	3.6	-2,080	-1.9	22,734	4.9	-10.1	
Second Quintile	10,740	20.8	46,531	7.9	1,852	1.7	44,680	9.4	4.0	
Middle Quintile	10,294	19.9	82,170	13.4	10,257	8.9	71,914	14.5	12.5	
Fourth Quintile	10,291	19.9	134,442	21.9	22,000	19.0	112,442	22.6	16.4	
Top Quintile	8,856	17.2	378,160	53.1	97,322	72.2	280,839	48.7	25.7	
All	51,650	100.0	122,065	100.0	23,105	100.0	98,959	100.0	18.9	
Addendum										
80-90	4,499	8.7	197,506	14.1	38,400	14.5	159,106	14.0	19.4	
90-95	2,272	4.4	281,552	10.1	60,173	11.5	221,379	9.8	21.4	
95-99	1,658	3.2	463,763	12.2	115,238	16.0	348,525	11.3	24.9	
Top 1 Percent	428	0.8	2,458,904	16.7	844,667	30.3	1,614,237	13.5	34.4	
Top 0.1 Percent	41	0.1	11,400,810	7.3	4,161,344	14.1	7,239,466	5.7	36.5	

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

* 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 would: (a) raise the top tax rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent; (b) tax unrealized capital gains at death (table shows the fully-phased in impact of this provision); (c) impose a tax on financial institutions; (d) limit the size of accumulated balances in IRA and 401(k)-type retirement accounts; and (e) repeal the deduction for student loan interest for new borrowers (table shows the fully phased in effect).

Although the education credit provisions provide a net tax increase for some tax units because of the repeal of the Lifetime Learning Credit, they are included in the

Tax Decrease Provisions tables, T15-0009 and T15-0010. Estimates in this table are based on descriptions of these proposals provided by the Administration in its fact sheet:

<http://www.whitehouse.gov/the-press-office/2015/01/17/fact-sheet-simpler-fairer-tax-code-responsibly-invests-middle-class-fami>

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 adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, 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 2013 dollars): 20% \$17,488; 40% \$32,340; 60% \$53,324; 80% \$84,999; 90% \$119,750; 95% \$166,406; 99% \$394,734; 99.9% \$2,075,547.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

Table T15-0008
President Obama's State of the Union Proposal: Major Tax Increase Provisions
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Elderly Tax Units

Expanded 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	4.1	-0.1	0.3	18	17.0	0.0	0.1	0.1	0.9
Second Quintile	0.0	22.0	-0.2	1.4	55	7.2	0.0	1.3	0.2	2.8
Middle Quintile	0.0	47.9	-0.4	5.3	217	6.1	0.0	5.6	0.4	7.1
Fourth Quintile	0.0	77.3	-0.7	10.2	548	4.9	-0.2	13.3	0.6	13.0
Top Quintile	0.0	96.1	-2.2	80.3	4,625	6.6	0.1	79.3	1.7	26.8
All	0.0	46.9	-1.4	100.0	945	6.5	0.0	100.0	1.1	18.5
Addendum										
80-90	0.0	93.9	-1.2	11.8	1,328	6.1	0.0	12.5	1.0	17.4
90-95	0.0	97.3	-0.9	5.1	1,319	3.6	-0.3	9.0	0.7	20.2
95-99	0.0	99.5	-1.8	16.0	4,381	5.9	-0.1	17.5	1.4	24.7
Top 1 Percent	0.0	99.1	-4.0	47.5	47,509	7.7	0.5	40.5	2.6	36.9
Top 0.1 Percent	0.0	99.9	-4.7	25.8	245,178	8.1	0.3	21.1	3.0	39.7

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹

Expanded 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	6,667	17.6	13,772	2.9	106	0.1	13,667	3.5	0.8	
Second Quintile	9,295	24.6	29,100	8.5	764	1.3	28,335	10.1	2.6	
Middle Quintile	8,764	23.2	53,476	14.8	3,553	5.6	49,923	16.7	6.6	
Fourth Quintile	6,660	17.6	89,749	18.8	11,157	13.5	78,591	20.0	12.4	
Top Quintile	6,202	16.4	280,824	54.9	70,625	79.3	210,199	49.8	25.2	
All	37,787	100.0	83,961	100.0	14,622	100.0	69,339	100.0	17.4	
Addendum										
80-90	3,165	8.4	132,840	13.3	21,817	12.5	111,023	13.4	16.4	
90-95	1,378	3.7	189,406	8.2	36,919	9.2	152,487	8.0	19.5	
95-99	1,303	3.5	319,055	13.1	74,436	17.6	244,619	12.2	23.3	
Top 1 Percent	357	0.9	1,806,161	20.3	619,560	40.0	1,186,601	16.2	34.3	
Top 0.1 Percent	38	0.1	8,292,142	9.8	3,045,934	20.8	5,246,208	7.5	36.7	

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

* 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 would: (a) raise the top tax rate on long-term capital gains and qualified dividends from 20 percent to 24.2 percent; (b) tax unrealized capital gains at death (table shows the fully-phased in impact of this provision); (c) impose a tax on financial institutions; (d) limit the size of accumulated balances in IRA and 401(k)-type retirement accounts; and (e) repeal the deduction for student loan interest for new borrowers (table shows the fully phased in effect).

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