

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T15-0079
Enact a Financial Transactions Tax with a Base Rate of 0.1 Percent
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		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total				Change (%) Points)	Under the Proposal
Lowest Quintile	47,691	27.6	-0.5	1.3	58	0.4	4.7
Second Quintile	37,422	21.7	-0.6	3.0	170	0.5	8.9
Middle Quintile	33,984	19.7	-0.8	6.6	404	0.7	14.4
Fourth Quintile	28,418	16.5	-1.1	12.8	946	0.9	18.3
Top Quintile	23,750	13.8	-2.7	75.3	6,646	2.0	28.3
All	172,532	100.0	-1.8	100.0	1,215	1.4	21.8
Addendum							
80-90	12,233	7.1	-1.3	10.6	1,819	1.1	21.4
90-95	5,942	3.4	-1.7	9.5	3,333	1.3	23.6
95-99	4,447	2.6	-2.3	15.2	7,142	1.7	27.5
Top 1 Percent	1,129	0.7	-5.1	40.1	74,454	3.3	37.4
Top 0.1 Percent	115	0.1	-6.7	23.7	430,945	4.3	39.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-1).

Number of AMT Taxpayers (millions). Baseline: 4.3

Proposal: 4.2

(1) Calendar year. Baseline is current law. The financial transactions tax (FTT) would impose a "base" tax rate of 0.1 percent on stock trades, option premiums, foreign exchange spot transactions, the underlying notional values of futures and the underlying notional values of swaps (times number of years to maturity). Rates on options, foreign exchange, futures and swaps would be 1/10th the "base" rate, or 0.01 percent. Both government and private bonds would be taxed, at a rate of ½ of the base rate for a one-year bond and that rate times number of years to maturity for longer-term bonds. (Assuming the average years to maturity of traded bonds is two years, the rate on bonds averages out to the same 0.1 percent that applies to stock.) A similar adjustment is made to swaps so that the average rate across maturities would average out to 0.001 percent. The long-run incidence of the FTT is assumed to be the same as the long-run incidence of an increase in the corporate income tax rate, with 80 percent of the burden assumed to fall on capital owners and 20 percent on labor. Included in the distribution is the (approximately) 25 percent excise tax offset to the FTT, which falls on labor income (reducing individual income taxes on labor income and payroll taxes) and on business profits (reducing corporate income taxes and individual income taxes on profits of pass-through entities). By convention, the distributional estimates do not take behavioral responses into account.

<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 2015 dollars): 20% \$22,823; 40% \$44,550; 60% \$79,661; 80% \$141,303; 90% \$207,758; 95% \$294,348; 99% \$720,886; 99.9% \$3,672,221.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T15-0079
Enact a Financial Transactions Tax with a Base Rate of 0.1 Percent
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2016¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	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		
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal	
Lowest Quintile	-0.5	1.3	58	10.2	0.0	0.9	0.4	4.7	
Second Quintile	-0.6	3.0	170	6.1	0.0	3.4	0.5	8.9	
Middle Quintile	-0.8	6.6	404	4.8	-0.2	9.2	0.7	14.4	
Fourth Quintile	-1.1	12.8	946	5.0	-0.3	17.1	0.9	18.3	
Top Quintile	-2.7	75.3	6,646	7.5	0.4	69.1	2.0	28.3	
All	-1.8	100.0	1,215	6.9	0.0	100.0	1.4	21.8	
Addendum									
80-90	-1.3	10.6	1,819	5.2	-0.2	13.8	1.1	21.4	
90-95	-1.7	9.5	3,333	6.1	-0.1	10.6	1.3	23.6	
95-99	-2.3	15.2	7,142	6.6	0.0	15.7	1.7	27.5	
Top 1 Percent	-5.1	40.1	74,454	9.8	0.8	28.9	3.3	37.4	
Top 0.1 Percent	-6.7	23.7	430,945	12.0	0.7	14.2	4.3	39.9	

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 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	
Lowest Quintile	47,691	27.6	13,336	4.2	568	0.9	12,768	5.1	4.3
Second Quintile	37,422	21.7	33,359	8.3	2,782	3.4	30,577	9.6	8.3
Middle Quintile	33,984	19.7	61,542	13.9	8,456	9.4	53,086	15.1	13.7
Fourth Quintile	28,418	16.5	107,903	20.4	18,784	17.4	89,120	21.2	17.4
Top Quintile	23,750	13.8	336,456	53.2	88,524	68.7	247,931	49.3	26.3
All	172,532	100.0	86,987	100.0	17,747	100.0	69,241	100.0	20.4
Addendum									
80-90	12,233	7.1	173,085	14.1	35,184	14.1	137,901	14.1	20.3
90-95	5,942	3.4	248,145	9.8	55,136	10.7	193,009	9.6	22.2
95-99	4,447	2.6	420,979	12.5	108,599	15.8	312,380	11.6	25.8
Top 1 Percent	1,129	0.7	2,239,143	16.8	763,369	28.1	1,475,774	13.9	34.1
Top 0.1 Percent	115	0.1	10,045,915	7.7	3,579,846	13.5	6,466,069	6.3	35.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-1).

Number of AMT Taxpayers (millions). Baseline: 4.3 Proposal: 4.2

(1) Calendar year. Baseline is current law. The financial transactions tax (FTT) would impose a "base" tax rate of 0.1 percent on stock trades, option premiums, foreign exchange spot transactions, the underlying notional values of futures and the underlying notional values of swaps (times number of years to maturity). Rates on options, foreign exchange, futures and swaps would be 1/10th the "base" rate, or 0.01 percent. Both government and private bonds would be taxed, at a rate of 1/2 of the base rate for a one-year bond and that rate times number of years to maturity for longer-term bonds. (Assuming the average years to maturity of traded bonds is two years, the rate on bonds averages out to the same 0.1 percent that applies to stock.) A similar adjustment is made to swaps so that the average rate across maturities would average out to 0.001 percent. The long-run incidence of the FTT is assumed to be the same as the long-run incidence of an increase in the corporate income tax rate, with 80 percent of the burden assumed to fall on capital owners and 20 percent on labor. Included in the distribution is the (approximately) 25 percent excise tax offset to the FTT, which falls on labor income (reducing individual income taxes on labor income and payroll taxes) and on business profits (reducing corporate income taxes and individual income taxes on profits of pass-through entities). By convention, the distributional estimates do not take behavioral responses into account.

<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 2015 dollars): 20% \$22,823; 40% \$44,550; 60% \$79,661; 80% \$141,303; 90% \$207,758; 95% \$294,348; 99% \$720,886; 99.9% \$3,672,221.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T15-0079
Enact a Financial Transactions Tax with a Base Rate of 0.1 Percent
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 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	
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	-0.4	1.0	52	91.0	0.1	0.1	0.4	0.9
Second Quintile	-0.4	1.7	96	4.8	-0.1	2.3	0.3	7.2
Middle Quintile	-0.6	5.0	301	4.5	-0.2	7.4	0.6	13.0
Fourth Quintile	-0.9	10.4	680	4.3	-0.4	16.3	0.7	17.6
Top Quintile	-2.7	81.0	5,635	7.6	0.5	73.6	2.0	28.0
All	-1.8	100.0	1,215	6.9	0.0	100.0	1.4	21.8
Addendum								
80-90	-1.3	11.4	1,544	5.2	-0.2	14.9	1.0	21.2
90-95	-1.8	10.6	2,935	6.2	-0.1	11.6	1.4	23.5
95-99	-2.4	17.4	6,330	6.9	0.0	17.3	1.8	27.1
Top 1 Percent	-5.0	41.7	66,082	9.8	0.8	29.9	3.3	37.2
Top 0.1 Percent	-6.7	24.9	382,888	12.1	0.7	14.8	4.3	39.9

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 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	
Lowest Quintile	38,232	22.2	12,438	3.2	57	0.1	12,381	4.0	0.5
Second Quintile	36,211	21.0	29,245	7.1	2,000	2.4	27,245	8.3	6.8
Middle Quintile	34,505	20.0	53,941	12.4	6,723	7.6	47,219	13.6	12.5
Fourth Quintile	32,174	18.7	94,039	20.2	15,900	16.7	78,139	21.0	16.9
Top Quintile	30,143	17.5	285,692	57.4	74,202	73.1	211,490	53.4	26.0
All	172,532	100.0	86,987	100.0	17,747	100.0	69,241	100.0	20.4
Addendum									
80-90	15,518	9.0	147,812	15.3	29,772	15.1	118,039	15.3	20.1
90-95	7,548	4.4	214,051	10.8	47,345	11.7	166,706	10.5	22.1
95-99	5,756	3.3	361,215	13.9	91,720	17.2	269,496	13.0	25.4
Top 1 Percent	1,321	0.8	1,985,313	17.5	673,125	29.1	1,312,188	14.5	33.9
Top 0.1 Percent	136	0.1	8,905,644	8.1	3,173,218	14.1	5,732,427	6.5	35.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-1).

Number of AMT Taxpayers (millions). Baseline: 4.3 Proposal: 4.2

(1) Calendar year. Baseline is current law. The financial transactions tax (FTT) would impose a "base" tax rate of 0.1 percent on stock trades, option premiums, foreign exchange spot transactions, the underlying notional values of futures and the underlying notional values of swaps (times number of years to maturity). Rates on options, foreign exchange, futures and swaps would be 1/10th the "base" rate, or 0.01 percent. Both government and private bonds would be taxed, at a rate of ½ of the base rate for a one-year bond and that rate times number of years to maturity for longer-term bonds. (Assuming the average years to maturity of traded bonds is two years, the rate on bonds averages out to the same 0.1 percent that applies to stock.) A similar adjustment is made to swaps so that the average rate across maturities would average out to 0.001 percent. The long-run incidence of the FTT is assumed to be the same as the long-run incidence of an increase in the corporate income tax rate, with 80 percent of the burden assumed to fall on capital owners and 20 percent on labor. Included in the distribution is the (approximately) 25 percent excise tax offset to the FTT, which falls on labor income (reducing individual income taxes on labor income and payroll taxes) and on business profits (reducing corporate income taxes and individual income taxes on profits of pass-through entities). By convention, the distributional estimates do not take behavioral responses into account.

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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 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 2015 dollars): 20% \$15,856; 40% \$29,550; 60% \$51,312; 80% \$85,800; 90% \$124,732; 95% \$174,098; 99% \$413,202; 99.9% \$2,095,408.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T15-0079
Enact a Financial Transactions Tax with a Base Rate of 0.1 Percent
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 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	
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	-0.4	1.9	37	6.2	0.0	2.1	0.4	6.5
Second Quintile	-0.6	4.9	117	5.9	-0.1	5.9	0.5	9.2
Middle Quintile	-0.9	11.0	319	5.7	-0.2	13.6	0.8	14.5
Fourth Quintile	-1.2	16.4	654	5.3	-0.4	21.8	1.0	19.3
Top Quintile	-2.9	64.8	3,791	8.3	0.6	56.2	2.2	28.2
All	-1.6	100.0	590	7.1	0.0	100.0	1.3	19.9
Addendum								
80-90	-1.8	15.1	1,501	6.7	-0.1	16.0	1.4	22.7
90-95	-2.2	10.1	2,582	7.7	0.1	9.4	1.7	24.4
95-99	-2.7	13.2	4,946	7.9	0.1	12.1	2.0	27.8
Top 1 Percent	-5.9	26.4	57,413	10.4	0.6	18.7	3.8	40.1
Top 0.1 Percent	-7.8	17.9	313,818	13.1	0.5	10.3	4.9	42.2

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 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	
Lowest Quintile	25,683	29.5	9,700	6.4	598	2.1	9,102	7.4	6.2
Second Quintile	21,585	24.8	23,067	12.8	1,993	6.0	21,074	14.4	8.6
Middle Quintile	17,636	20.2	41,046	18.6	5,642	13.8	35,404	19.7	13.8
Fourth Quintile	12,851	14.7	68,044	22.5	12,461	22.2	55,583	22.6	18.3
Top Quintile	8,784	10.1	175,035	39.6	45,615	55.6	129,420	35.9	26.1
All	87,180	100.0	44,584	100.0	8,266	100.0	36,317	100.0	18.5
Addendum									
80-90	5,172	5.9	105,179	14.0	22,416	16.1	82,763	13.5	21.3
90-95	2,001	2.3	148,758	7.7	33,634	9.3	115,124	7.3	22.6
95-99	1,374	1.6	244,058	8.6	62,976	12.0	181,081	7.9	25.8
Top 1 Percent	237	0.3	1,524,021	9.3	553,461	18.2	970,560	7.3	36.3
Top 0.1 Percent	29	0.0	6,406,099	4.8	2,391,340	9.7	4,014,758	3.7	37.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-1).

(1) Calendar year. Baseline is current law. The financial transactions tax (FTT) would impose a "base" tax rate of 0.1 percent on stock trades, option premiums, foreign exchange spot transactions, the underlying notional values of futures and the underlying notional values of swaps (times number of years to maturity). Rates on options, foreign exchange, futures and swaps would be 1/10th the "base" rate, or 0.01 percent. Both government and private bonds would be taxed, at a rate of ½ of the base rate for a one-year bond and that rate times number of years to maturity for longer-term bonds. (Assuming the average years to maturity of traded bonds is two years, the rate on bonds averages out to the same 0.1 percent that applies to stock.) A similar adjustment is made to swaps so that the average rate across maturities would average out to 0.001 percent. The long-run incidence of the FTT is assumed to be the same as the long-run incidence of an increase in the corporate income tax rate, with 80 percent of the burden assumed to fall on capital owners and 20 percent on labor. Included in the distribution is the (approximately) 25 percent excise tax offset to the FTT, which falls on labor income (reducing individual income taxes on labor income and payroll taxes) and on business profits (reducing corporate income taxes and individual income taxes on profits of pass-through entities). By convention, the distributional estimates do not take behavioral responses into account.

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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 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 2015 dollars): 20% \$15,856; 40% \$29,550; 60% \$51,312; 80% \$85,800; 90% \$124,732; 95% \$174,098; 99% \$413,202; 99.9% \$2,095,408.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T15-0079
Enact a Financial Transactions Tax with a Base Rate of 0.1 Percent
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Married Tax Units Filing Jointly

Expanded Cash Income Percentile ^{2,3}	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		
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal	
Lowest Quintile	-0.5	0.3	100	-42.7	0.0	0.0	0.5	-0.7	
Second Quintile	-0.3	0.6	133	5.2	0.0	0.8	0.3	6.6	
Middle Quintile	-0.6	2.6	352	4.3	-0.1	4.1	0.5	12.0	
Fourth Quintile	-0.8	8.2	768	4.1	-0.4	13.4	0.7	16.8	
Top Quintile	-2.6	87.3	6,548	7.5	0.4	81.4	1.9	27.8	
All	-2.0	100.0	2,524	6.9	0.0	100.0	1.5	23.7	
Addendum									
80-90	-1.2	10.3	1,622	4.8	-0.3	14.6	0.9	20.6	
90-95	-1.7	11.1	3,181	6.0	-0.1	12.7	1.3	23.3	
95-99	-2.3	19.6	6,921	6.8	0.0	20.0	1.7	27.0	
Top 1 Percent	-4.9	46.4	66,738	9.7	0.9	34.2	3.2	36.7	
Top 0.1 Percent	-6.4	26.2	397,091	11.8	0.7	16.2	4.2	39.4	

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 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	
Lowest Quintile	4,872	8.4	18,801	1.0	-235	-0.1	19,035	1.2	-1.3
Second Quintile	6,661	11.4	41,196	2.9	2,578	0.8	38,618	3.5	6.3
Middle Quintile	10,912	18.7	71,227	8.1	8,194	4.2	63,033	9.2	11.5
Fourth Quintile	15,713	27.0	115,487	19.0	18,618	13.8	96,869	20.4	16.1
Top Quintile	19,617	33.7	338,411	69.4	87,643	81.0	250,768	66.0	25.9
All	58,288	100.0	164,217	100.0	36,401	100.0	127,815	100.0	22.2
Addendum									
80-90	9,309	16.0	172,936	16.8	33,980	14.9	138,956	17.4	19.7
90-95	5,126	8.8	241,837	13.0	53,138	12.8	188,700	13.0	22.0
95-99	4,159	7.1	403,001	17.5	101,902	20.0	301,099	16.8	25.3
Top 1 Percent	1,023	1.8	2,065,598	22.1	690,920	33.3	1,374,678	18.9	33.5
Top 0.1 Percent	97	0.2	9,569,483	9.7	3,373,039	15.5	6,196,444	8.1	35.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-1).

(1) Calendar year. Baseline is current law. The financial transactions tax (FTT) would impose a "base" tax rate of 0.1 percent on stock trades, option premiums, foreign exchange spot transactions, the underlying notional values of futures and the underlying notional values of swaps (times number of years to maturity). Rates on options, foreign exchange, futures and swaps would be 1/10th the "base" rate, or 0.01 percent. Both government and private bonds would be taxed, at a rate of ½ of the base rate for a one-year bond and that rate times number of years to maturity for longer-term bonds. (Assuming the average years to maturity of traded bonds is two years, the rate on bonds averages out to the same 0.1 percent that applies to stock.) A similar adjustment is made to swaps so that the average rate across maturities would average out to 0.001 percent. The long-run incidence of the FTT is assumed to be the same as the long-run incidence of an increase in the corporate income tax rate, with 80 percent of the burden assumed to fall on capital owners and 20 percent on labor. Included in the distribution is the (approximately) 25 percent excise tax offset to the FTT, which falls on labor income (reducing individual income taxes on labor income and payroll taxes) and on business profits (reducing corporate income taxes and individual income taxes on profits of pass-through entities). By convention, the distributional estimates do not take behavioral responses into account.

<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 2015 dollars): 20% \$15,856; 40% \$29,550; 60% \$51,312; 80% \$85,800; 90% \$124,732; 95% \$174,098; 99% \$413,202; 99.9% \$2,095,408.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T15-0079
Enact a Financial Transactions Tax with a Base Rate of 0.1 Percent
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2016 ¹
Detail Table - Head of Household Tax Units

Expanded Cash Income Percentile ^{2,3}	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		
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal	
Lowest Quintile	-0.4	8.7	73	-4.3	0.7	-7.6	0.4	-9.2	
Second Quintile	0.0	0.3	3	0.2	-0.2	6.4	0.0	3.7	
Middle Quintile	-0.3	13.2	154	2.2	-0.4	24.0	0.3	11.7	
Fourth Quintile	-0.5	19.5	403	2.4	-0.5	32.0	0.4	17.6	
Top Quintile	-1.8	57.8	3,031	5.2	0.5	45.1	1.3	26.5	
All	-0.5	100.0	253	4.0	0.0	100.0	0.5	12.3	
Addendum									
80-90	-1.0	14.0	1,169	3.9	0.0	14.6	0.8	21.7	
90-95	-1.1	7.6	1,710	3.8	0.0	8.1	0.9	23.4	
95-99	-1.5	8.1	3,822	4.4	0.0	7.4	1.1	26.8	
Top 1 Percent	-4.0	28.0	59,048	7.7	0.5	15.1	2.6	36.7	
Top 0.1 Percent	-5.5	20.4	398,164	9.8	0.5	8.8	3.5	39.4	

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 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	
Lowest Quintile	7,312	30.3	17,857	10.1	-1,713	-8.2	19,570	12.6	-9.6
Second Quintile	7,436	30.8	36,660	21.2	1,365	6.7	35,295	23.1	3.7
Middle Quintile	5,226	21.6	62,412	25.3	7,117	24.4	55,295	25.5	11.4
Fourth Quintile	2,957	12.3	97,505	22.4	16,727	32.5	80,778	21.0	17.2
Top Quintile	1,165	4.8	231,777	21.0	58,373	44.6	173,403	17.8	25.2
All	24,145	100.0	53,332	100.0	6,313	100.0	47,020	100.0	11.8
Addendum									
80-90	734	3.0	145,231	8.3	30,410	14.7	114,821	7.4	20.9
90-95	273	1.1	201,115	4.3	45,289	8.1	155,826	3.7	22.5
95-99	129	0.5	337,575	3.4	86,585	7.4	250,990	2.9	25.7
Top 1 Percent	29	0.1	2,238,359	5.0	763,247	14.5	1,475,112	3.8	34.1
Top 0.1 Percent	3	0.0	11,305,434	2.8	4,060,765	8.4	7,244,669	2.0	35.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-1).

(1) Calendar year. Baseline is current law. The financial transactions tax (FTT) would impose a "base" tax rate of 0.1 percent on stock trades, option premiums, foreign exchange spot transactions, the underlying notional values of futures and the underlying notional values of swaps (times number of years to maturity). Rates on options, foreign exchange, futures and swaps would be 1/10th the "base" rate, or 0.01 percent. Both government and private bonds would be taxed, at a rate of ½ of the base rate for a one-year bond and that rate times number of years to maturity for longer-term bonds. (Assuming the average years to maturity of traded bonds is two years, the rate on bonds averages out to the same 0.1 percent that applies to stock.) A similar adjustment is made to swaps so that the average rate across maturities would average out to 0.001 percent. The long-run incidence of the FTT is assumed to be the same as the long-run incidence of an increase in the corporate income tax rate, with 80 percent of the burden assumed to fall on capital owners and 20 percent on labor. Included in the distribution is the (approximately) 25 percent excise tax offset to the FTT, which falls on labor income (reducing individual income taxes on labor income and payroll taxes) and on business profits (reducing corporate income taxes and individual income taxes on profits of pass-through entities). By convention, the distributional estimates do not take behavioral responses into account.

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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 2015 dollars): 20% \$15,856; 40% \$29,550; 60% \$51,312; 80% \$85,800; 90% \$124,732; 95% \$174,098; 99% \$413,202; 99.9% \$2,095,408.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

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Table T15-0079
Enact a Financial Transactions Tax with a Base Rate of 0.1 Percent
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 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	
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	-0.5	1.5	93	-5.6	0.1	-1.2	0.5	-8.4
Second Quintile	-0.1	0.8	48	2.8	0.0	1.4	0.1	4.4
Middle Quintile	-0.3	3.3	215	2.3	-0.2	7.0	0.3	12.7
Fourth Quintile	-0.5	7.6	502	2.3	-0.5	16.4	0.4	17.7
Top Quintile	-2.1	86.1	6,031	5.8	0.5	76.2	1.6	28.3
All	-1.3	100.0	1,305	5.1	0.0	100.0	1.1	21.7
Addendum								
80-90	-0.8	9.3	1,295	3.2	-0.3	14.5	0.7	21.1
90-95	-1.2	9.3	2,687	4.2	-0.1	11.2	1.0	23.7
95-99	-1.7	17.1	5,948	4.8	-0.1	18.2	1.3	27.6
Top 1 Percent	-4.2	50.4	68,665	8.2	0.9	32.3	2.8	36.8
Top 0.1 Percent	-6.1	31.4	441,460	11.2	0.8	15.2	4.0	39.2

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 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	
Lowest Quintile	10,234	20.4	18,852	3.1	-1,667	-1.3	20,519	4.3	-8.8
Second Quintile	10,415	20.7	40,647	6.8	1,733	1.4	38,914	8.2	4.3
Middle Quintile	10,074	20.0	74,066	12.0	9,191	7.2	64,875	13.2	12.4
Fourth Quintile	9,897	19.7	126,678	20.1	21,860	16.9	104,819	21.0	17.3
Top Quintile	9,368	18.6	388,066	58.4	103,660	75.7	284,405	53.9	26.7
All	50,272	100.0	123,886	100.0	25,527	100.0	98,359	100.0	20.6
Addendum									
80-90	4,730	9.4	195,763	14.9	40,041	14.8	155,722	14.9	20.5
90-95	2,275	4.5	280,240	10.2	63,616	11.3	216,624	10.0	22.7
95-99	1,882	3.7	473,252	14.3	124,816	18.3	348,436	13.3	26.4
Top 1 Percent	482	1.0	2,453,236	19.0	834,989	31.3	1,618,247	15.8	34.0
Top 0.1 Percent	47	0.1	11,186,185	8.4	3,940,058	14.3	7,246,127	6.8	35.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-1).

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

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(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

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Table T15-0079
Enact a Financial Transactions Tax with a Base Rate of 0.1 Percent
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 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		
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal	
Lowest Quintile	-0.5	0.5	53	27.1	0.0	0.3	0.5	2.1	
Second Quintile	-0.7	2.3	168	26.2	0.1	1.4	0.7	3.3	
Middle Quintile	-1.4	7.7	642	22.2	0.4	5.2	1.3	7.4	
Fourth Quintile	-2.1	14.3	1,521	15.3	0.1	13.3	1.8	13.7	
Top Quintile	-4.6	74.1	9,370	13.1	-0.7	79.3	3.4	29.2	
All	-3.1	100.0	1,915	14.1	0.0	100.0	2.5	20.3	
Addendum									
80-90	-2.8	12.5	2,999	13.4	-0.1	13.1	2.3	19.4	
90-95	-3.3	9.7	5,006	12.9	-0.1	10.5	2.6	22.9	
95-99	-4.1	13.9	10,058	12.8	-0.2	15.1	3.1	27.5	
Top 1 Percent	-7.0	38.0	92,023	13.1	-0.4	40.5	4.6	39.4	
Top 0.1 Percent	-8.1	22.5	415,018	14.1	0.0	22.6	5.1	41.6	

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 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	
Lowest Quintile	6,761	16.4	11,850	2.6	197	0.2	11,652	3.1	1.7
Second Quintile	10,923	26.5	24,835	8.6	642	1.3	24,194	10.2	2.6
Middle Quintile	9,410	22.9	47,748	14.3	2,885	4.9	44,863	16.3	6.0
Fourth Quintile	7,396	18.0	83,981	19.8	9,948	13.2	74,033	21.2	11.9
Top Quintile	6,233	15.1	277,400	55.0	71,666	80.0	205,734	49.6	25.8
All	41,164	100.0	76,347	100.0	13,565	100.0	62,782	100.0	17.8
Addendum									
80-90	3,290	8.0	130,820	13.7	22,416	13.2	108,404	13.8	17.1
90-95	1,531	3.7	191,752	9.3	38,812	10.6	152,939	9.1	20.2
95-99	1,087	2.6	321,464	11.1	78,334	15.2	243,130	10.2	24.4
Top 1 Percent	325	0.8	2,015,265	20.9	701,931	40.9	1,313,334	16.5	34.8
Top 0.1 Percent	43	0.1	8,080,211	11.0	2,947,959	22.6	5,132,252	8.5	36.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-1).

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

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