

T04-0123

Summary of Effects of Revenue-Neutral AMT Repeal and Income Tax Reform, 2005-2014¹

Income Tax Reform	Number of Zero-Tax Returns, 2010 (thousands)		Marginal Income Tax Rates that Preserve Revenue Neutrality																	
	Cash Income > \$200K	Cash Income > \$1,000K	2005						2010					2014						
			10.0	15.0	25.0	28.0	33.0	35.0	10.0	15.0	25.0	28.0	33.0	35.0	-	15.0	28.0	31.0	36.0	39.6
Current Law Baseline			10.0	15.0	25.0	28.0	33.0	35.0	10.0	15.0	25.0	28.0	33.0	35.0	-	15.0	28.0	31.0	36.0	39.6
Proportional Rate Increase	67.6	7.0	10.4	15.6	26.0	29.1	34.3	36.4	10.9	16.3	27.2	30.5	35.9	38.1	-	15.5	29.0	32.1	37.2	40.9
Proportional Rate Increase for Tax Rates Above 25%	68.3	6.5	10.0	15.0	25.0	31.4	37.0	39.2	10.0	15.0	25.0	34.7	40.9	43.3	-	15.0	28.0	33.8	39.2	43.1
Distributionally Neutral Rate Increase	65.8	7.4	10.1	15.3	26.1	32.2	37.5	34.8	10.1	16.1	28.1	33.7	42.3	33.6	-	15.7	28.7	33.5	37.0	39.8
Extend Tax Cuts Legislated to Expire²			10.0	15.0	25.0	28.0	33.0	35.0	10.0	15.0	25.0	28.0	33.0	35.0	10.0	15.0	25.0	28.0	33.0	35.0
Proportional Rate Increase	88.2	9.1	10.5	15.8	26.3	29.4	34.7	36.8	10.9	16.4	27.3	30.5	36.0	38.2	11.2	16.8	28.1	31.4	37.0	39.3
Proportional Rate Increase for Tax Rates Above 25%	87.5	8.6	10.0	15.0	25.0	32.1	39.7	42.1	10.0	15.0	25.0	35.0	41.3	43.8	10.0	15.0	25.0	37.0	43.6	46.2
Distributionally Neutral Rate Increase	83.3	9.6	10.1	15.4	27.1	31.4	38.6	34.5	10.1	16.2	28.2	33.9	42.8	33.5	10.2	17.2	28.9	35.4	41.4	33.4
Repeal Tax Cuts from 2001-2003			-	15.0	28.0	31.0	36.0	39.6	-	15.0	28.0	31.0	36.0	39.6	-	15.0	28.0	31.0	36.0	39.6
Proportional Rate Increase	64.2	6.3	-	15.3	28.5	31.6	36.6	40.3	-	15.4	28.7	31.8	36.9	40.6	-	15.5	29.0	32.1	37.2	40.9
Proportional Rate Increase for Tax Rates Above 25%	64.4	6.2	-	15.0	28.0	32.6	37.8	41.6	-	15.0	28.0	33.0	38.4	42.2	-	15.0	28.0	33.8	39.2	43.1
Distributionally Neutral Rate Increase	64.3	6.4	-	15.2	28.3	32.2	37.6	40.0	-	15.4	28.5	32.6	37.6	39.8	-	15.7	28.7	33.5	37.0	39.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-3) and authors' calculations.

(1) Calendar years.

(2) Includes all 2010 sunset provisions in EGTRRA and all non-AMT provisions in JGTRRA.