

T04-0132

Summary of Effects of AMT Reform Plan 5 under Alternative Income Tax Financing Options and Baselines, 2005-2014<sup>1</sup>

Income Tax Financing Option and Baseline	Number of Zero-Tax Returns, 2010 (thousands)		Number of AMT Taxpayers (millions) <sup>2</sup>			Marginal Income Tax Rates Which Preserve Revenue Neutrality																	
	Cash Income > \$200K	Cash Income > \$1,000K	2005	2010	2014	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	10.0	15.0	25.0	28.0	31.0	36.0
<b>Current Law Baseline</b>	32.6	2.7	11.6	29.2	20.7	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	42.5	4.4	0.3	0.4	0.2	10.3	15.5	25.9	29.0	34.1	36.2	10.8	16.2	27.0	30.3	35.7	37.8	-	15.5	28.8	31.9	37.1	40.8
Proportional Rate Increase for Tax Rates Above 25%	42.5	4.4	0.3	0.4	0.2	10.0	15.0	25.0	30.8	36.3	38.5	10.0	15.0	25.0	34.3	40.4	42.8	-	15.0	28.0	33.4	38.8	42.6
Distributionally Neutral Rate Increase	42.5	4.4	0.3	0.4	0.2	10.1	15.2	26.2	31.4	37.3	34.2	10.1	16.1	28.0	33.4	41.7	33.0	-	15.7	28.6	33.5	36.4	39.4
<b>Extend Tax Cuts Legislated to Expire<sup>3</sup></b>	40.7	4.3	15.6	29.5	39.8	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	31.0	35.0
Proportional Rate Increase	56.7	6.2	0.3	0.4	0.4	10.4	15.6	26.1	29.2	34.4	36.5	10.9	16.3	27.1	30.4	35.8	38.0	11.2	16.7	27.9	31.2	34.6	39.0
Proportional Rate Increase for Tax Rates Above 25%	56.7	6.2	0.3	0.4	0.4	10.0	15.0	25.0	31.5	37.2	39.4	10.0	15.0	25.0	34.6	40.8	43.2	13.5	20.2	33.6	36.6	40.5	45.7
Distributionally Neutral Rate Increase	56.7	6.2	0.3	0.4	0.4	10.1	15.4	27.0	31.0	38.0	34.0	10.1	16.2	28.1	33.6	42.2	32.9	10.1	17.2	29.0	34.8	41.1	32.8
<b>Repeal Tax Cuts from 2001-2003</b>	34.9	2.8	5.6	12.2	20.7	-	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	44.9	4.3	0.2	0.2	0.2	-	15.2	28.3	31.4	36.4	40.1	-	15.3	28.6	31.6	36.7	40.4	-	15.5	28.8	31.9	37.1	40.8
Proportional Rate Increase for Tax Rates Above 25%	45.0	4.3	0.2	0.2	0.2	-	15.0	28.0	32.2	37.4	41.2	-	15.0	28.0	32.7	38.0	41.8	-	15.0	28.0	33.4	38.8	42.6
Distributionally Neutral Rate Increase	44.9	4.3	0.2	0.2	0.2	-	15.2	28.3	31.6	37.3	39.6	-	15.4	28.4	32.4	37.1	39.5	-	15.7	28.6	33.5	36.4	39.4

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

(1) Calendar years. See Table 9 footnotes for a description of reform option 5.

(2) AMT taxpayers include those with AMT liability from Form 6251 and those with lost credits.

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