

Table T05-0136
Repealing the Alternative Minimum Tax:
Distribution of Federal Tax Change by Cash Income Percentile, 2005¹

Cash Income Percentile ²	Percent of Tax Units 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	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.4	0.0	3.2
Second Quintile	0.0	0.0	0.0	0.2	-1	-0.1	0.0	2.2	0.0	7.2
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	7.9	0.0	14.2
Fourth Quintile	0.3	0.0	0.0	0.5	-3	0.0	0.2	17.7	0.0	18.4
Top Quintile	11.6	0.4	0.5	99.1	-670	-1.5	-0.3	71.7	-0.4	24.3
All	2.4	0.1	0.3	100.0	-135	-1.1	0.0	100.0	-0.2	20.5
Addendum										
Top 10 Percent	21.3	0.9	0.7	96.9	-1,310	-1.9	-0.4	56.1	-0.5	25.6
Top 5 Percent	36.8	1.6	0.8	92.5	-2,502	-2.2	-0.5	43.9	-0.6	26.7
Top 1 Percent	41.5	1.7	0.9	54.2	-7,333	-2.2	-0.3	26.3	-0.7	28.9
Top 0.5 Percent	27.3	0.6	0.8	35.8	-9,688	-1.8	-0.2	21.3	-0.6	29.9
Top 0.1 Percent	24.3	0.2	0.7	18.6	-25,087	-1.5	-0.1	13.0	-0.5	31.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2005¹

Cash Income Percentile ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	28,340	19.6	7,487	242	7,245	3.2	2.4	3.0	0.4
Second Quintile	28,910	20.0	19,134	1,377	17,757	7.2	6.3	7.4	2.2
Middle Quintile	28,916	20.0	34,409	4,880	29,528	14.2	11.4	12.3	7.8
Fourth Quintile	28,916	20.0	59,726	10,965	48,761	18.4	19.7	20.3	17.5
Top Quintile	28,914	20.0	183,278	45,143	138,134	24.6	60.5	57.5	72.0
All	144,573	100.0	60,566	12,544	48,021	20.7	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,457	10.0	271,934	70,898	201,036	26.1	44.9	41.9	56.5
Top 5 Percent	7,228	5.0	408,681	111,539	297,142	27.3	33.7	30.9	44.5
Top 1 Percent	1,446	1.0	1,126,790	333,381	793,409	29.6	18.6	16.5	26.6
Top 0.5 Percent	723	0.5	1,774,411	539,308	1,235,102	30.4	14.7	12.9	21.5
Top 0.1 Percent	145	0.1	5,136,564	1,636,571	3,499,993	31.9	8.5	7.3	13.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3a).

(1) Baseline is current law.

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

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

(5) 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 cash income.