

Table T05-0289
Extending the Higher AMT Exemption Levels:
Distribution of Federal Tax Change by Cash Income Class, 2006 ¹

Cash Income Class (thousands of 2005 dollars) 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
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	3.8
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	1.0	0.0	4.7
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	2.7	0.0	10.0
30-40	0.3	0.0	0.0	0.1	-1	0.0	0.1	4.1	0.0	14.4
40-50	1.5	0.0	0.0	0.3	-7	-0.1	0.1	4.8	0.0	16.7
50-75	4.7	0.0	0.1	2.4	-30	-0.3	0.1	12.8	-0.1	18.5
75-100	27.3	0.1	0.3	9.9	-212	-1.2	0.0	11.5	-0.2	20.0
100-200	63.3	0.4	0.9	53.4	-937	-3.0	-0.4	24.2	-0.7	22.3
200-500	81.3	1.2	1.0	33.2	-2,218	-2.9	-0.2	15.5	-0.8	25.3
500-1,000	13.6	0.3	0.1	0.7	-275	-0.2	0.1	6.5	0.0	26.9
More than 1,000	5.0	0.8	0.0	0.1	-98	0.0	0.2	16.7	0.0	30.8
All	12.0	0.1	0.4	100.0	-182	-1.4	0.0	100.0	-0.3	20.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2006 ¹

Cash Income Class (thousands of 2005 dollars) 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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Pre-Tax Income	Post-Tax Income	Federal Taxes
							Percent of Total	Percent of Total	Percent of Total
Less than 10	18,886	12.9	5,743	217	5,527	3.8	1.2	1.4	0.2
10-20	25,413	17.4	15,208	721	14,487	4.7	4.2	5.1	1.0
20-30	20,374	13.9	25,206	2,521	22,686	10.0	5.6	6.4	2.7
30-40	15,429	10.5	35,525	5,106	30,419	14.4	5.9	6.4	4.1
40-50	11,963	8.2	45,636	7,626	38,011	16.7	5.9	6.2	4.7
50-75	21,121	14.4	62,649	11,611	51,038	18.5	14.4	14.8	12.7
75-100	12,455	8.5	87,930	17,775	70,155	20.2	11.9	12.0	11.4
100-200	15,196	10.4	136,287	31,357	104,929	23.0	22.5	21.9	24.6
200-500	3,988	2.7	292,415	76,226	216,189	26.1	12.7	11.8	15.7
500-1,000	668	0.5	690,594	185,941	504,653	26.9	5.0	4.6	6.4
More than 1,000	345	0.2	2,994,463	921,834	2,072,629	30.8	11.2	9.8	16.4
All	146,417	100.0	62,970	13,227	49,743	21.0	100.0	100.0	100.0

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

(1) Baseline is current law plus extending the treatment of personal credits against the AMT. Provisions include: extending the higher exemption levels of the AMT (\$58,000 for married filing jointly and \$40,250 for others).

(2) Tax units with negative cash income are excluded from the lowest income class 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.