

**Table T06-0025**  
**EGTRRA Estate Tax Provisions**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2006 <sup>1</sup>**

| Cash Income Percentile <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                   | Percent Change in After-Tax Income <sup>4</sup> | Share of Total Federal Tax Change | Average Federal Tax Change |         | Share of Federal Taxes |                    | Average Federal Tax Rate <sup>5</sup> |                    |
|-------------------------------------|-----------------------------------|-------------------|---|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|
|                                     | 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   | 1.0                               | -3                         | -1.0    | 0.0                    | 0.4                | 0.0                                   | 3.3                |
| Second Quintile                     | 0.0                               | 0.0               | 0.0   | 1.5                               | -4                         | -0.3    | 0.0                    | 2.3                | 0.0                                   | 7.5                |
| Middle Quintile                     | 0.0                               | 0.0               | 0.1   | 6.4                               | -17                        | -0.3    | 0.0                    | 7.8                | -0.1                                  | 14.4               |
| Fourth Quintile                     | 0.0                               | 0.0               | 0.0   | 5.3                               | -14                        | -0.1    | 0.1                    | 17.5               | 0.0                                   | 18.6               |
| Top Quintile                        | 0.1                               | 0.0               | 0.2   | 85.4                              | -223                       | -0.5    | -0.1                   | 71.9               | -0.1                                  | 25.1               |
| All                                 | 0.0                               | 0.0               | 0.1   | 100.0                             | -52                        | -0.4    | 0.0                    | 100.0              | -0.1                                  | 21.0               |
| <b>Addendum</b>                     |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| Top 10 Percent                      | 0.1                               | 0.0               | 0.2   | 69.7                              | -363                       | -0.5    | -0.1                   | 56.2               | -0.1                                  | 26.5               |
| Top 5 Percent                       | 0.2                               | 0.0               | 0.2   | 48.3                              | -503                       | -0.4    | 0.0                    | 43.9               | -0.1                                  | 27.6               |
| Top 1 Percent                       | 0.4                               | 0.0               | 0.1   | 17.0                              | -885                       | -0.3    | 0.0                    | 25.6               | -0.1                                  | 29.3               |
| Top 0.5 Percent                     | 0.5                               | 0.0               | 0.1   | 10.7                              | -1,120                     | -0.2    | 0.0                    | 20.7               | -0.1                                  | 30.0               |
| Top 0.1 Percent                     | 0.6                               | 0.1               | 0.0   | 1.1                               | -580                       | 0.0     | 0.0                    | 12.5               | 0.0                                   | 31.4               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2006 <sup>1</sup>**

| Cash Income Percentile <sup>2</sup> | Tax Units <sup>3</sup> |                  | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After-Tax Income <sup>4</sup> (Dollars) | Average Federal Tax Rate <sup>5</sup> | Share of Pre-Tax Income Percent of Total | Share of Post-Tax Income Percent of Total | Share of Federal Taxes Percent of Total |
|-------------------------------------|------------------------|------------------|--------------------------|--------------------------------------|---|---------------------------------------|--|---|---|
|                                     | Number (thousands)     | Percent of Total |                          |                                      |   |                                       |  |   |   |
| Lowest Quintile                     | 28,703                 | 19.6             | 7,923                    | 267                                  | 7,656   | 3.4                                   | 2.5                                      | 3.0                                       | 0.4                                     |
| Second Quintile                     | 29,289                 | 20.0             | 20,116                   | 1,514                                | 18,602  | 7.5                                   | 6.4                                      | 7.5                                       | 2.3                                     |
| Middle Quintile                     | 29,279                 | 20.0             | 35,940                   | 5,188                                | 30,753  | 14.4                                  | 11.4                                     | 12.4                                      | 7.8                                     |
| Fourth Quintile                     | 29,283                 | 20.0             | 62,270                   | 11,591                               | 50,679  | 18.6                                  | 19.8                                     | 20.4                                      | 17.4                                    |
| Top Quintile                        | 29,282                 | 20.0             | 189,863                  | 47,808                               | 142,056   | 25.2                                  | 60.3                                     | 57.2                                      | 71.9                                    |
| All                                 | 146,417                | 100.0            | 62,970                   | 13,297                               | 49,673  | 21.1                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                     |                        |                  |                          |                                      |   |                                       |  |   |   |
| Top 10 Percent                      | 14,642                 | 10.0             | 281,205                  | 74,810                               | 206,394   | 26.6                                  | 44.7                                     | 41.6                                      | 56.3                                    |
| Top 5 Percent                       | 7,323                  | 5.0              | 421,832                  | 116,708                              | 305,124   | 27.7                                  | 33.5                                     | 30.7                                      | 43.9                                    |
| Top 1 Percent                       | 1,464                  | 1.0              | 1,159,675                | 340,484                              | 819,191   | 29.4                                  | 18.4                                     | 16.5                                      | 25.6                                    |
| Top 0.5 Percent                     | 732                    | 0.5              | 1,825,082                | 548,152                              | 1,276,930                                       | 30.0                                  | 14.5                                     | 12.9                                      | 20.6                                    |
| Top 0.1 Percent                     | 146                    | 0.1              | 5,274,153                | 1,657,281                            | 3,616,872                                       | 31.4                                  | 8.4                                      | 7.3                                       | 12.5                                    |

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

Number of AMT Taxpayers (millions). Baseline: 18.9 Proposal: 18.9

(1) Calendar year. Baseline is pre-EGTRRA law. Provisions include: repeal estate tax rates in excess of 46 percent; increase the effective exemption to \$2 million; repeal the 5-percent "bubble" that phases out the lower rates; and repeal the state death tax credit and replace with a deduction for state estate taxes actually paid.

(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.