

Table T06-0026
EGTRRA Estate Tax Provisions
Distribution of Federal Tax Change by Economic Income Class, 2006¹

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	2.6
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	1.8	0.0	5.7
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	5.1	0.0	12.2
30-40	0.0	0.0	0.0	0.0	0	0.0	0.0	7.4	0.0	15.7
40-50	0.0	0.0	0.0	0.2	-1	0.0	0.0	8.0	0.0	17.9
50-75	0.0	0.0	0.0	1.6	-7	0.0	0.1	16.9	0.0	19.6
75-100	0.0	0.0	0.1	6.8	-65	-0.3	0.0	10.9	-0.1	20.9
100-200	0.1	0.0	0.2	33.8	-321	-0.8	-0.1	17.3	-0.2	21.2
200-500	0.4	0.0	0.3	38.4	-1,166	-1.2	-0.1	12.2	-0.3	21.7
500-1,000	0.7	0.0	0.3	13.0	-2,131	-0.9	0.0	5.7	-0.2	23.8
More than 1,000	1.0	0.1	0.1	6.1	-1,809	-0.2	0.0	14.2	0.0	23.7
All	0.0	0.0	0.1	100.0	-52	-0.4	0.0	100.0	-0.1	18.8

Baseline Distribution of Income and Federal Taxes
by Economic Income Class, 2006¹

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					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	21,230	14.5	7,639	196	7,442	2.6	1.6	1.9	0.2
10-20	29,891	20.4	20,559	1,163	19,396	5.7	5.9	6.9	1.8
20-30	23,993	16.4	34,185	4,158	30,027	12.2	7.9	8.6	5.1
30-40	18,419	12.6	49,388	7,770	41,618	15.7	8.8	9.1	7.4
40-50	13,521	9.2	64,176	11,493	52,683	17.9	8.4	8.5	8.0
50-75	19,088	13.0	87,432	17,126	70,306	19.6	16.1	16.0	16.8
75-100	8,073	5.5	125,435	26,307	99,129	21.0	9.8	9.5	10.9
100-200	8,036	5.5	196,613	41,991	154,622	21.4	15.3	14.8	17.3
200-500	2,517	1.7	433,145	95,175	337,969	22.0	10.5	10.1	12.3
500-1,000	464	0.3	1,003,087	240,580	762,507	24.0	4.5	4.2	5.7
More than 1,000	255	0.2	4,567,571	1,082,319	3,485,253	23.7	11.3	10.6	14.2
All	146,417	100.0	70,637	13,297	57,340	18.8	100.0	100.0	100.0

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 economic income are excluded from the lowest income class but are included in the totals. For classifier purposes, economic income has been adjusted for family size by dividing by the square root of the number of members of the tax unit. For a further description of economic 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.