

Table T06-0027
EGTRRA Estate Tax Provisions
Distribution of Federal Tax Change by Economic Income Percentile, 2006¹

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	0.3	0.0	2.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.7	0.0	7.5
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	8.4	0.0	13.8
Fourth Quintile	0.0	0.0	0.0	0.4	-1	0.0	0.1	18.1	0.0	18.1
Top Quintile	0.1	0.0	0.2	99.5	-259	-0.6	-0.1	70.2	-0.1	21.7
All	0.0	0.0	0.1	100.0	-52	-0.4	0.0	100.0	-0.1	18.8
Addendum										
Top 10 Percent	0.2	0.0	0.2	94.1	-490	-0.7	-0.2	54.4	-0.2	22.2
Top 5 Percent	0.3	0.0	0.2	80.5	-839	-0.7	-0.2	42.4	-0.2	22.4
Top 1 Percent	0.7	0.0	0.2	35.0	-1,823	-0.6	0.0	25.0	-0.1	23.4
Top 0.5 Percent	0.8	0.0	0.1	19.2	-2,003	-0.4	0.0	20.1	-0.1	23.7
Top 0.1 Percent	1.0	0.1	0.0	2.1	-1,098	-0.1	0.0	11.7	0.0	23.4

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

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 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	28,354	19.4	9,599	225	9,374	2.3	2.6	3.2	0.3
Second Quintile	29,284	20.0	23,710	1,779	21,931	7.5	6.7	7.7	2.7
Middle Quintile	29,282	20.0	40,314	5,555	34,759	13.8	11.4	12.1	8.4
Fourth Quintile	29,283	20.0	66,372	12,016	54,356	18.1	18.8	19.0	18.1
Top Quintile	29,285	20.0	214,038	46,737	167,302	21.8	60.6	58.4	70.3
All	146,417	100.0	70,637	13,297	57,340	18.8	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,640	10.0	325,293	72,550	252,743	22.3	46.1	44.1	54.6
Top 5 Percent	7,320	5.0	500,346	113,131	387,214	22.6	35.4	33.8	42.5
Top 1 Percent	1,465	1.0	1,411,662	332,356	1,079,305	23.5	20.0	18.8	25.0
Top 0.5 Percent	732	0.5	2,242,450	533,127	1,709,323	23.8	15.9	14.9	20.1
Top 0.1 Percent	146	0.1	6,634,307	1,556,271	5,078,036	23.5	9.4	8.9	11.7

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

(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

(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.