

Table T06-0034
Combined Effect of EGTRRA, JGTRRA, and WFTRA With Extension of 2005 AMT Relief, Indexed for Inflation
Baseline is Pre-EGTRRA Law
Distribution of Federal Tax Change by Cash Income Percentile, 2006 ¹

| 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 | 13.9 | 0.2 | 0.3 | 0.3 | -23 | -7.9 | 0.0 | 0.4 | -0.3 | 3.3 |
| Second Quintile | 68.1 | 0.3 | 2.1 | 4.9 | -378 | -20.0 | -0.3 | 2.3 | -1.9 | 7.5 |
| Middle Quintile | 88.1 | 0.1 | 2.5 | 9.6 | -748 | -12.6 | -0.2 | 7.9 | -2.1 | 14.4 |
| Fourth Quintile | 98.0 | 0.0 | 2.5 | 15.6 | -1,215 | -9.5 | 0.2 | 17.7 | -2.0 | 18.5 |
| Top Quintile | 99.4 | 0.0 | 3.9 | 69.6 | -5,406 | -10.4 | 0.2 | 71.5 | -2.9 | 24.5 |
| All | 73.5 | 0.1 | 3.2 | 100.0 | -1,554 | -10.7 | 0.0 | 100.0 | -2.5 | 20.7 |
| Addendum | | | | | | | | | | |
| Top 10 Percent | 99.5 | 0.1 | 4.1 | 53.1 | -8,246 | -10.2 | 0.3 | 56.0 | -2.9 | 25.9 |
| Top 5 Percent | 99.4 | 0.1 | 4.3 | 40.6 | -12,606 | -9.9 | 0.4 | 43.8 | -3.0 | 27.1 |
| Top 1 Percent | 99.0 | 0.1 | 5.0 | 25.1 | -39,020 | -10.3 | 0.1 | 26.0 | -3.4 | 29.2 |
| Top 0.5 Percent | 98.8 | 0.2 | 5.4 | 21.1 | -65,504 | -10.7 | 0.0 | 21.0 | -3.6 | 30.0 |
| Top 0.1 Percent | 99.1 | 0.2 | 5.9 | 12.9 | -200,523 | -10.8 | 0.0 | 12.7 | -3.8 | 31.4 |

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

| 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 | 28,703 | 19.6 | 7,923 | 287 | 7,636 | 3.6 | 2.5 | 3.1 | 0.4 |
| Second Quintile | 29,289 | 20.0 | 20,116 | 1,888 | 18,228 | 9.4 | 6.4 | 7.5 | 2.6 |
| Middle Quintile | 29,279 | 20.0 | 35,940 | 5,916 | 30,024 | 16.5 | 11.4 | 12.4 | 8.1 |
| Fourth Quintile | 29,283 | 20.0 | 62,270 | 12,738 | 49,532 | 20.5 | 19.8 | 20.5 | 17.5 |
| Top Quintile | 29,282 | 20.0 | 189,863 | 51,998 | 137,865 | 27.4 | 60.3 | 57.0 | 71.3 |
| All | 146,417 | 100.0 | 62,970 | 14,589 | 48,380 | 23.2 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| Top 10 Percent | 14,642 | 10.0 | 281,205 | 81,184 | 200,021 | 28.9 | 44.7 | 41.3 | 55.7 |
| Top 5 Percent | 7,323 | 5.0 | 421,832 | 126,874 | 294,958 | 30.1 | 33.5 | 30.5 | 43.5 |
| Top 1 Percent | 1,464 | 1.0 | 1,159,675 | 378,063 | 781,612 | 32.6 | 18.4 | 16.2 | 25.9 |
| Top 0.5 Percent | 732 | 0.5 | 1,825,082 | 612,372 | 1,212,710 | 33.6 | 14.5 | 12.5 | 21.0 |
| Top 0.1 Percent | 146 | 0.1 | 5,274,153 | 1,857,169 | 3,416,984 | 35.2 | 8.4 | 7.1 | 12.7 |

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

Number of AMT Taxpayers (millions). Baseline: 7.6 Proposal: 4.0

(1) Calendar year. Baseline is pre-EGTRRA law. Proposal includes provisions in EGTRRA, JGTRRA, and WFTRA affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the standard deduction, 15-percent bracket, and EITC for married couples; tax rates on long-term capital gains and dividends; pension and IRA provisions; expansion of student loan interest deduction (excludes other education provisions); and estate tax exemption, rates, and state death tax credit. Provisions also include extending the 2005 AMT exemption levels (\$58,000 for married couples and \$40,250 for singles and heads of household), indexed for inflation after 2005; and allowance of personal non-refundable credits regardless of tentative AMT.

(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.