

Table T06-0036
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, 2007¹

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	15.9	0.2	0.4	0.4	-29	-9.0	0.0	0.4	-0.4	3.5
Second Quintile	70.0	0.3	2.1	5.0	-404	-19.6	-0.3	2.4	-1.9	7.8
Middle Quintile	88.5	0.1	2.4	9.3	-760	-12.1	-0.1	8.0	-2.0	14.7
Fourth Quintile	98.0	0.0	2.5	15.6	-1,269	-9.5	0.2	17.7	-2.0	18.7
Top Quintile	99.4	0.0	4.0	69.8	-5,683	-10.5	0.2	71.2	-2.9	24.6
All	74.3	0.2	3.2	100.0	-1,630	-10.6	0.0	100.0	-2.5	20.8
Addendum										
Top 10 Percent	99.5	0.1	4.1	53.0	-8,641	-10.2	0.3	55.7	-2.9	25.9
Top 5 Percent	99.4	0.1	4.3	40.6	-13,247	-10.0	0.3	43.5	-3.0	27.0
Top 1 Percent	99.0	0.1	5.0	25.2	-41,077	-10.5	0.1	25.7	-3.4	29.0
Top 0.5 Percent	98.9	0.2	5.4	21.1	-68,887	-10.9	-0.1	20.7	-3.6	29.7
Top 0.1 Percent	99.1	0.2	5.9	12.9	-210,318	-11.0	0.0	12.5	-3.8	31.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2007¹

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	29,070	19.6	8,362	320	8,042	3.8	2.5	3.1	0.4
Second Quintile	29,647	20.0	21,129	2,059	19,070	9.7	6.4	7.6	2.7
Middle Quintile	29,637	20.0	37,526	6,258	31,268	16.7	11.4	12.4	8.2
Fourth Quintile	29,644	20.0	64,902	13,405	51,497	20.7	19.7	20.4	17.5
Top Quintile	29,645	20.0	198,145	54,401	143,743	27.5	60.3	57.0	71.1
All	148,223	100.0	65,748	15,313	50,435	23.3	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,822	10.0	293,546	84,789	208,757	28.9	44.7	41.4	55.4
Top 5 Percent	7,411	5.0	440,478	132,322	308,156	30.0	33.5	30.6	43.2
Top 1 Percent	1,482	1.0	1,211,207	392,561	818,647	32.4	18.4	16.2	25.6
Top 0.5 Percent	741	0.5	1,906,126	634,784	1,271,342	33.3	14.5	12.6	20.7
Top 0.1 Percent	148	0.1	5,505,607	1,919,163	3,586,444	34.9	8.4	7.1	12.5

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

Number of AMT Taxpayers (millions). Baseline: 9.0 Proposal: 4.4

(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; allowance of personal non-refundable credits regardless of tentative AMT; and extending the non-refundable credit for elective deferrals and IRA contributions (the "saver's credit").

(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.