

**Table T06-0039**  
**Combined Effect of EGTRRA, JGTRRA, and WFTRA With Extension of 2005 AMT Relief, Indexed for Inflation**  
**Baseline is Pre-EGTRRA Law With Extension of 2000 AMT Exemption, Indexed for Inflation After 2000**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2007<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                     | 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   | 5.2                               | -403                       | -19.6   | -0.3                   | 2.4                | -1.9                                  | 7.8                |
| Middle Quintile                     | 88.5                              | 0.1               | 2.4   | 9.7                               | -754                       | -12.1   | -0.2                   | 8.0                | -2.0                                  | 14.7               |
| Fourth Quintile                     | 98.0                              | 0.0               | 2.3   | 15.3                              | -1,197                     | -9.0    | 0.3                    | 17.7               | -1.8                                  | 18.7               |
| Top Quintile                        | 99.4                              | 0.0               | 3.8   | 69.4                              | -5,421                     | -10.0   | 0.2                    | 71.2               | -2.7                                  | 24.6               |
| All                                 | 74.3                              | 0.2               | 3.1   | 100.0                             | -1,562                     | -10.2   | 0.0                    | 100.0              | -2.4                                  | 20.8               |
| <b>Addendum</b>                     |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| Top 10 Percent                      | 99.5                              | 0.1               | 4.0   | 53.5                              | -8,357                     | -9.9    | 0.2                    | 55.7               | -2.9                                  | 25.9               |
| Top 5 Percent                       | 99.4                              | 0.1               | 4.2   | 41.3                              | -12,900                    | -9.8    | 0.2                    | 43.5               | -2.9                                  | 27.0               |
| Top 1 Percent                       | 99.0                              | 0.1               | 5.0   | 26.2                              | -40,977                    | -10.4   | -0.1                   | 25.7               | -3.4                                  | 29.0               |
| Top 0.5 Percent                     | 98.9                              | 0.2               | 5.4   | 22.0                              | -68,845                    | -10.9   | -0.1                   | 20.7               | -3.6                                  | 29.7               |
| Top 0.1 Percent                     | 99.1                              | 0.2               | 5.9   | 13.5                              | -210,297                   | -11.0   | -0.1                   | 12.5               | -3.8                                  | 31.0               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2007<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 | 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                     | 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                   | 2,058                                | 19,071  | 9.7                                   | 6.4                     | 7.6                      | 2.7                    |  |
| Middle Quintile                     | 29,637                 | 20.0             | 37,526                   | 6,252                                | 31,274  | 16.7                                  | 11.4                    | 12.4                     | 8.2                    |  |
| Fourth Quintile                     | 29,644                 | 20.0             | 64,902                   | 13,333                               | 51,569  | 20.5                                  | 19.7                    | 20.4                     | 17.5                   |  |
| Top Quintile                        | 29,645                 | 20.0             | 198,145                  | 54,139                               | 144,006   | 27.3                                  | 60.3                    | 57.0                     | 71.0                   |  |
| All                                 | 148,223                | 100.0            | 65,748                   | 15,245                               | 50,503  | 23.2                                  | 100.0                   | 100.0                    | 100.0                  |  |
| <b>Addendum</b>                     |                        |                  |                          |                                      |   |                                       |                         |                          |                        |  |
| Top 10 Percent                      | 14,822                 | 10.0             | 293,546                  | 84,504                               | 209,042   | 28.8                                  | 44.7                    | 41.4                     | 55.4                   |  |
| Top 5 Percent                       | 7,411                  | 5.0              | 440,478                  | 131,976                              | 308,502   | 30.0                                  | 33.5                    | 30.5                     | 43.3                   |  |
| Top 1 Percent                       | 1,482                  | 1.0              | 1,211,207                | 392,461                              | 818,747   | 32.4                                  | 18.4                    | 16.2                     | 25.7                   |  |
| Top 0.5 Percent                     | 741                    | 0.5              | 1,906,126                | 634,742                              | 1,271,383                                       | 33.3                                  | 14.5                    | 12.6                     | 20.8                   |  |
| Top 0.1 Percent                     | 148                    | 0.1              | 5,505,607                | 1,919,142                            | 3,586,465                                       | 34.9                                  | 8.4                     | 7.1                      | 12.6                   |  |

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

Number of AMT Taxpayers (millions). Baseline: 1.9 Proposal: 4.4

(1) Calendar year. Baseline is pre-EGTRRA law plus extension of 2000 AMT exemption levels (\$45,000 for married couples and \$33,750 for singles and heads of household), indexed for inflation after 2000; and allowance of personal non-refundable credits regardless of tentative AMT. 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.