

Table T06-0060
Impose \$20,000 Limit on Individual Income Tax Cuts in
EGTRRA, JGTRRA, and WFTRA With Extension of 2005 AMT Relief, Indexed for Inflation
Distribution of Federal Tax Change by Cash Income Class, 2007¹

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	3.9
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	0.9	0.0	4.9
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	2.6	0.0	10.1
30-40	0.0	0.0	0.0	0.0	0	0.0	-0.1	4.0	0.0	14.4
40-50	0.0	0.0	0.0	0.0	0	0.0	-0.1	4.6	0.0	16.8
50-75	0.0	0.0	0.0	0.0	0	0.0	-0.2	12.4	0.0	18.6
75-100	0.0	0.0	0.0	0.0	0	0.0	-0.2	11.2	0.0	20.0
100-200	0.0	0.0	0.0	0.0	0	0.0	-0.4	24.1	0.0	22.4
200-500	0.0	0.4	0.0	0.1	13	0.0	-0.3	15.4	0.0	25.3
500-1,000	0.0	50.2	-0.9	8.8	4,704	2.5	0.0	6.6	0.7	27.4
More than 1,000	0.0	87.4	-4.4	91.0	93,781	10.1	1.3	17.9	3.1	33.5
All	0.0	0.5	-0.5	100.0	251	1.8	0.0	100.0	0.4	21.2

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

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	18,336	12.4	5,875	227	5,648	3.9	1.1	1.3	0.2
10-20	25,141	17.0	15,558	758	14,800	4.9	4.0	4.8	0.9
20-30	20,692	14.0	25,732	2,610	23,122	10.1	5.5	6.2	2.7
30-40	15,679	10.6	36,235	5,221	31,014	14.4	5.8	6.3	4.0
40-50	12,242	8.3	46,569	7,830	38,739	16.8	5.8	6.1	4.7
50-75	21,460	14.5	63,972	11,919	52,053	18.6	14.1	14.5	12.6
75-100	12,836	8.7	89,802	17,976	71,826	20.0	11.8	11.9	11.4
100-200	15,976	10.8	139,382	31,179	108,203	22.4	22.8	22.4	24.5
200-500	4,220	2.8	298,369	75,469	222,900	25.3	12.9	12.2	15.7
500-1,000	700	0.5	706,013	189,022	516,991	26.8	5.1	4.7	6.5
More than 1,000	362	0.2	3,053,799	928,730	2,125,069	30.4	11.3	10.0	16.6
All	148,223	100.0	65,748	13,695	52,053	20.8	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current law with the extension of 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"). Proposal includes limiting the individual income tax cuts due to the following provisions in EGTRRA, JGTRRA, and WFTRA to \$20,000: 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). The effect of these provisions is measured against a pre-EGTRRA baseline with the extension of the 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.

(2) Tax units with negative cash income are excluded from the lowest income class 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.