

Table T06-0067
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 Percentile, 2011¹

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	0.5	0.0	3.8
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	2.6	0.0	8.7
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.2	8.1	0.0	15.2
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.4	17.7	0.0	19.3
Top Quintile	0.0	2.7	-1.0	100.0	1,691	3.0	0.6	71.0	0.7	25.2
All	0.0	0.5	-0.6	100.0	338	2.1	0.0	100.0	0.4	21.4
Addendum										
Top 10 Percent	0.0	5.3	-1.3	100.0	3,382	3.9	0.9	55.4	1.0	26.6
Top 5 Percent	0.0	10.6	-1.8	100.0	6,765	5.0	1.2	43.4	1.3	27.8
Top 1 Percent	0.0	52.5	-3.3	99.9	33,796	8.7	1.6	25.7	2.4	30.2
Top 0.5 Percent	0.0	79.3	-4.2	97.4	65,925	10.6	1.6	21.0	3.0	31.3
Top 0.1 Percent	0.0	92.9	-5.4	70.0	236,798	12.7	1.2	12.8	3.8	33.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2011¹

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	30,620	19.6	9,918	378	9,540	3.8	2.5	3.1	0.5	
Second Quintile	31,187	20.0	24,924	2,157	22,767	8.7	6.5	7.5	2.7	
Middle Quintile	31,196	20.0	43,588	6,639	36,949	15.2	11.4	12.2	8.3	
Fourth Quintile	31,195	20.0	75,268	14,552	60,716	19.3	19.7	20.1	18.1	
Top Quintile	31,197	20.0	230,709	56,559	174,150	24.5	60.3	57.6	70.4	
All	155,984	100.0	76,577	16,078	60,499	21.0	100.0	100.0	100.0	
Addendum										
Top 10 Percent	15,599	10.0	341,597	87,592	254,005	25.6	44.6	38.0	54.5	
Top 5 Percent	7,799	5.0	511,855	135,566	376,289	26.5	33.4	28.1	42.2	
Top 1 Percent	1,560	1.0	1,399,560	388,886	1,010,674	27.8	18.3	15.1	24.2	
Top 0.5 Percent	780	0.5	2,196,271	622,031	1,574,240	28.3	14.3	11.8	19.3	
Top 0.1 Percent	156	0.1	6,282,917	1,858,156	4,424,761	29.6	8.2	6.6	11.6	

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

(1) Calendar year. Baseline is extended 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 extending but limiting the individual income tax cuts due to the following provisions in EGTRRA, JGTRRA, and WFTRA to \$20,000 (indexed for inflation after 2007): 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 current-law 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 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.