

**Table T06-0081**  
**Possible Elements of 2006 Tax Reconciliation Bill: Increase AMT Exemption and Allow Credits Against AMT**  
**Distribution of Federal Tax Change by Cash Income Class, 2006<sup>1</sup>**

Cash Income Class (thousands of 2005 dollars) <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
<b>Less than 10</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	3.8
<b>10-20</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	1.0	0.0	4.7
<b>20-30</b>	0.0	0.0	0.0	0.0	0	0.0	0.1	2.7	0.0	10.0
<b>30-40</b>	0.3	0.0	0.0	0.1	-2	0.0	0.1	4.1	0.0	14.4
<b>40-50</b>	2.1	0.0	0.0	0.4	-11	-0.1	0.1	4.8	0.0	16.7
<b>50-75</b>	6.7	0.0	0.1	3.2	-49	-0.4	0.2	12.8	-0.1	18.5
<b>75-100</b>	31.1	0.1	0.4	11.2	-295	-1.7	0.0	11.5	-0.3	20.0
<b>100-200</b>	64.6	0.3	1.0	49.8	-1,074	-3.4	-0.4	24.2	-0.8	22.3
<b>200-500</b>	82.9	1.2	1.3	34.5	-2,838	-3.7	-0.3	15.4	-1.0	25.1
<b>500-1,000</b>	16.2	0.4	0.1	0.8	-382	-0.2	0.1	6.5	-0.1	26.9
<b>More than 1,000</b>	5.7	0.8	0.0	0.1	-130	0.0	0.3	16.7	0.0	30.8
<b>All</b>	12.9	0.1	0.5	100.0	-224	-1.7	0.0	100.0	-0.4	20.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Class, 2006<sup>1</sup>**

Cash Income Class (thousands of 2005 dollars) <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	
<b>Less than 10</b>	18,886	12.9	5,743	217	5,527	3.8	1.2	1.4	0.2
<b>10-20</b>	25,413	17.4	15,208	721	14,487	4.7	4.2	5.1	1.0
<b>20-30</b>	20,374	13.9	25,206	2,521	22,686	10.0	5.6	6.4	2.7
<b>30-40</b>	15,429	10.5	35,525	5,106	30,418	14.4	5.9	6.5	4.1
<b>40-50</b>	11,963	8.2	45,636	7,630	38,007	16.7	5.9	6.3	4.7
<b>50-75</b>	21,121	14.4	62,649	11,628	51,021	18.6	14.4	14.8	12.7
<b>75-100</b>	12,455	8.5	87,930	17,852	70,078	20.3	11.9	12.0	11.5
<b>100-200</b>	15,196	10.4	136,287	31,431	104,855	23.1	22.5	21.9	24.6
<b>200-500</b>	3,988	2.7	292,415	76,262	216,152	26.1	12.7	11.8	15.7
<b>500-1,000</b>	668	0.5	690,594	185,952	504,641	26.9	5.0	4.6	6.4
<b>More than 1,000</b>	345	0.2	2,994,463	921,837	2,072,626	30.8	11.2	9.8	16.4
<b>All</b>	146,417	100.0	62,970	13,245	49,725	21.0	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 18.9 Proposal: 3.4

(1) Calendar year. Baseline is current law. Provisions include: increase the individual alternative minimum tax (AMT) exemption to \$62,550 for married couples filing a joint return, \$42,500 for singles and heads of household, and \$31,275 for married individuals filing a separate return; allow personal non-refundable credits against the regular tax and AMT, 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.