

Table T06-0107
Reported Baucus Estate Tax Compromise -- Extremely Preliminary
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	0.1	-1	-0.3	0.0	0.2	0.0	3.8
10-20	0.0	0.0	0.0	0.4	-2	-0.3	0.0	0.9	0.0	4.9
20-30	0.0	0.0	0.0	0.3	-2	-0.1	0.0	2.6	0.0	10.1
30-40	0.0	0.0	0.0	0.8	-5	-0.1	0.0	4.0	0.0	14.4
40-50	0.0	0.0	0.0	0.5	-5	-0.1	0.0	4.7	0.0	16.8
50-75	0.0	0.0	0.0	0.4	-2	0.0	0.1	12.5	0.0	18.7
75-100	0.0	0.0	0.0	2.7	-23	-0.1	0.1	11.4	0.0	20.4
100-200	0.0	0.0	0.1	14.7	-103	-0.3	0.1	25.1	-0.1	23.2
200-500	0.1	0.0	0.4	33.5	-887	-1.1	-0.1	15.9	-0.3	25.9
500-1,000	0.3	0.0	0.5	15.1	-2,411	-1.3	-0.1	6.4	-0.3	26.5
More than 1,000	0.6	0.0	0.4	29.4	-9,076	-1.0	-0.1	16.2	-0.3	30.1
All	0.0	0.0	0.2	100.0	-75	-0.5	0.0	100.0	-0.1	21.1

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	226	5,649	3.9	1.1	1.4	0.2
10-20	25,141	17.0	15,558	758	14,800	4.9	4.0	4.9	0.9
20-30	20,692	14.0	25,732	2,610	23,123	10.1	5.5	6.2	2.6
30-40	15,679	10.6	36,235	5,223	31,012	14.4	5.8	6.3	4.0
40-50	12,242	8.3	46,569	7,846	38,723	16.9	5.9	6.2	4.6
50-75	21,460	14.5	63,972	11,987	51,985	18.7	14.1	14.5	12.4
75-100	12,836	8.7	89,802	18,360	71,442	20.4	11.8	11.9	11.4
100-200	15,976	10.8	139,382	32,411	106,971	23.3	22.9	22.3	25.0
200-500	4,220	2.9	298,369	78,203	220,166	26.2	12.9	12.1	16.0
500-1,000	700	0.5	706,013	189,372	516,641	26.8	5.1	4.7	6.4
More than 1,000	362	0.2	3,053,799	928,851	2,124,948	30.4	11.3	10.0	16.3
All	148,223	100.0	65,748	13,952	51,796	21.2	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current law. Provisions include: \$3.5 million effective exemption; statutory rate of 15 percent on taxable estate up to \$5 million, 25 percent on taxable estate between \$5 million and \$10 million, 35 percent on taxable estate greater than \$10 million.

(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.