

**Table T06-0108**  
**Reported Baucus Estate Tax Compromise -- Extremely Preliminary**  
**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	0.0	0.0	0.0	0.2	-1	-0.3	0.0	0.4	0.0	3.5
Second Quintile	0.0	0.0	0.0	0.5	-2	-0.1	0.0	2.4	0.0	7.9
Middle Quintile	0.0	0.0	0.0	1.5	-6	-0.1	0.0	8.0	0.0	14.7
Fourth Quintile	0.0	0.0	0.0	0.5	-2	0.0	0.1	17.6	0.0	18.9
Top Quintile	0.1	0.0	0.2	95.2	-359	-0.7	-0.1	71.4	-0.2	25.0
All	0.0	0.0	0.2	100.0	-75	-0.5	0.0	100.0	-0.1	21.1
<b>Addendum</b>										
Top 10 Percent	0.1	0.0	0.3	90.8	-684	-0.9	-0.2	55.7	-0.2	26.3
Top 5 Percent	0.1	0.0	0.4	82.3	-1,241	-1.0	-0.2	43.3	-0.3	27.3
Top 1 Percent	0.3	0.0	0.4	49.8	-3,756	-1.1	-0.1	25.1	-0.3	28.8
Top 0.5 Percent	0.5	0.0	0.5	40.4	-6,088	-1.1	-0.1	20.2	-0.3	29.4
Top 0.1 Percent	0.6	0.0	0.4	19.1	-14,429	-0.8	0.0	12.2	-0.3	30.8

**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 Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	29,070	19.6	8,362	294	8,068	3.5	2.5	3.1	0.4
Second Quintile	29,647	20.0	21,129	1,675	19,454	7.9	6.4	7.5	2.4
Middle Quintile	29,637	20.0	37,526	5,525	32,001	14.7	11.4	12.4	7.9
Fourth Quintile	29,644	20.0	64,902	12,236	52,666	18.9	19.7	20.3	17.5
Top Quintile	29,645	20.0	198,145	49,914	148,231	25.2	60.3	57.2	71.6
All	148,223	100.0	65,748	13,952	51,796	21.2	100.0	100.0	100.0
<b>Addendum</b>									
Top 10 Percent	14,822	10.0	293,546	77,905	215,641	26.5	44.7	41.6	55.8
Top 5 Percent	7,411	5.0	440,478	121,269	319,209	27.5	33.5	30.8	43.5
Top 1 Percent	1,482	1.0	1,211,207	351,995	859,212	29.1	18.4	16.6	25.2
Top 0.5 Percent	741	0.5	1,906,126	566,080	1,340,046	29.7	14.5	12.9	20.3
Top 0.1 Percent	148	0.1	5,505,607	1,708,903	3,796,704	31.0	8.4	7.3	12.2

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 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.