

Table T06-0114
Reported Baucus Estate Tax Compromise -- Extremely Preliminary
Distribution of Federal Tax Change by Economic Income Percentile, 2010 ¹

Economic 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	3.5
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.1	0.0	9.1
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	8.5	0.0	14.9
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	18.2	0.0	19.4
Top Quintile	0.0	0.0	-0.2	99.3	320	0.6	0.1	69.4	0.1	22.4
All	0.0	0.0	-0.1	100.0	64	0.4	0.0	100.0	0.1	19.7
Addendum										
Top 10 Percent	0.0	0.1	-0.2	99.3	640	0.8	0.2	53.3	0.2	22.6
Top 5 Percent	0.0	0.1	-0.3	99.3	1,280	1.0	0.2	41.1	0.2	22.7
Top 1 Percent	0.0	0.4	-0.5	96.9	6,241	1.7	0.3	23.6	0.4	23.3
Top 0.5 Percent	0.0	0.6	-0.6	90.5	11,663	2.0	0.3	18.9	0.5	23.5
Top 0.1 Percent	0.0	0.8	-0.7	62.4	40,213	2.3	0.2	11.1	0.5	23.3

Baseline Distribution of Income and Federal Taxes
by Economic Income Percentile, 2010 ¹

Economic 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	29,893	19.4	11,292	400	10,892	3.5	2.7	3.2	0.5
Second Quintile	30,831	20.0	27,615	2,519	25,096	9.1	6.7	7.6	3.1
Middle Quintile	30,837	20.0	46,295	6,880	39,415	14.9	11.3	12.0	8.6
Fourth Quintile	30,832	20.0	75,482	14,663	60,820	19.4	18.4	18.4	18.3
Top Quintile	30,833	20.0	250,614	55,697	194,917	22.2	61.1	59.1	69.3
All	154,170	100.0	82,056	16,069	65,987	19.6	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,417	10.0	381,012	85,326	295,686	22.4	46.4	44.8	53.1
Top 5 Percent	7,708	5.0	583,764	131,188	452,576	22.5	35.6	34.3	40.8
Top 1 Percent	1,543	1.0	1,638,239	374,732	1,263,507	22.9	20.0	19.2	23.3
Top 0.5 Percent	771	0.5	2,603,281	598,910	2,004,371	23.0	15.9	15.2	18.6
Top 0.1 Percent	154	0.1	7,671,712	1,749,955	5,921,757	22.8	9.4	9.0	10.9

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 economic income are excluded from the lowest income class but are included in the totals. For classifier purposes, economic income has been adjusted for family size by dividing by the square root of the number of members of the tax unit. For a further description of economic 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.