

Table T06-0118
Reported Baucus Estate Tax Compromise -- Extremely Preliminary
Distribution of Federal Tax Change by Economic Income Percentile, 2011¹

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	0.7	0.0	5.4
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.7	0.0	11.5
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	8.8	0.0	16.6
Fourth Quintile	0.0	0.0	0.0	0.2	-2	0.0	0.2	18.1	0.0	21.0
Top Quintile	0.1	0.0	0.5	99.6	-946	-1.5	-0.3	68.5	-0.4	23.8
All	0.0	0.0	0.3	100.0	-190	-1.0	0.0	100.0	-0.2	21.2
Addendum										
Top 10 Percent	0.2	0.0	0.6	97.0	-1,843	-1.9	-0.5	52.6	-0.5	24.0
Top 5 Percent	0.3	0.0	0.7	88.5	-3,363	-2.2	-0.5	40.6	-0.6	24.2
Top 1 Percent	0.7	0.0	0.8	50.0	-9,496	-2.2	-0.3	23.8	-0.6	25.3
Top 0.5 Percent	0.8	0.0	0.7	36.0	-13,658	-1.9	-0.2	19.1	-0.5	25.6
Top 0.1 Percent	1.1	0.0	0.4	13.0	-24,659	-1.2	0.0	11.1	-0.3	25.3

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

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 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	30,250	19.4	11,711	629	11,082	5.4	2.7	3.2	0.7
Second Quintile	31,193	20.0	28,596	3,298	25,298	11.5	6.7	7.6	3.6
Middle Quintile	31,198	20.0	47,818	7,953	39,865	16.6	11.2	11.9	8.7
Fourth Quintile	31,196	20.0	78,017	16,368	61,648	21.0	18.3	18.5	17.9
Top Quintile	31,197	20.0	260,371	62,801	197,570	24.1	61.2	59.1	68.8
All	155,984	100.0	85,093	18,250	66,843	21.5	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,599	10.0	395,773	96,779	298,994	24.5	46.5	44.7	53.0
Top 5 Percent	7,799	5.0	605,989	150,049	455,940	24.8	35.6	34.1	41.1
Top 1 Percent	1,560	1.0	1,699,070	438,503	1,260,567	25.8	20.0	18.9	24.0
Top 0.5 Percent	780	0.5	2,697,930	703,571	1,994,359	26.1	15.9	14.9	19.3
Top 0.1 Percent	156	0.1	7,955,580	2,036,447	5,919,133	25.6	9.4	8.9	11.2

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; replace the state death tax credit with a deduction for state estate taxes paid; and repeal the 5-percent surtax.

(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.