

Table T06-0166

**H.R. 5638, The Permanent Estate Tax Relief Act of 2006: Assuming 15 Percent Capital Gains Rate
Distribution of Federal Tax Change by Cash Income Percentile, 2011¹**

Cash 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	0.1	0.5	-5	-1.2	0.0	0.5	-0.1	4.3
Second Quintile	0.0	0.0	0.1	0.9	-10	-0.4	0.0	3.0	0.0	10.5
Middle Quintile	0.0	0.0	0.1	2.1	-23	-0.3	0.1	8.4	-0.1	17.1
Fourth Quintile	0.0	0.0	0.1	2.5	-27	-0.2	0.2	18.0	0.0	21.3
Top Quintile	0.1	0.0	0.6	92.5	-1,001	-1.6	-0.3	70.1	-0.4	27.1
All	0.0	0.0	0.4	100.0	-216	-1.2	0.0	100.0	-0.3	23.3
Addendum										
Top 10 Percent	0.2	0.0	0.7	81.6	-1,764	-1.8	-0.3	54.0	-0.5	28.2
Top 5 Percent	0.2	0.0	0.8	62.2	-2,690	-1.8	-0.3	41.7	-0.5	29.0
Top 1 Percent	0.4	0.0	0.8	34.4	-7,434	-1.7	-0.1	24.1	-0.5	30.7
Top 0.5 Percent	0.6	0.0	0.8	26.7	-11,539	-1.7	-0.1	19.4	-0.5	31.4
Top 0.1 Percent	0.7	0.0	0.6	11.8	-25,546	-1.2	0.0	11.5	-0.4	32.6

**Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2011¹**

Cash 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	30,620	19.6	9,918	430	9,489	4.3	2.5	3.2	0.5
Second Quintile	31,187	20.0	24,924	2,636	22,287	10.6	6.5	7.6	2.9
Middle Quintile	31,196	20.0	43,588	7,462	36,126	17.1	11.4	12.3	8.3
Fourth Quintile	31,195	20.0	75,268	16,064	59,203	21.3	19.7	20.2	17.8
Top Quintile	31,197	20.0	230,709	63,413	167,296	27.5	60.3	57.2	70.4
All	155,984	100.0	76,577	18,028	58,549	23.5	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,599	10.0	341,597	97,934	243,664	28.7	44.6	41.6	54.3
Top 5 Percent	7,799	5.0	511,855	151,263	360,593	29.6	33.4	30.8	42.0
Top 1 Percent	1,560	1.0	1,399,560	436,540	963,020	31.2	18.3	16.5	24.2
Top 0.5 Percent	780	0.5	2,196,271	700,793	1,495,478	31.9	14.3	12.8	19.4
Top 0.1 Percent	156	0.1	6,282,927	2,075,072	4,207,855	33.0	8.2	7.2	11.5

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

(1) Calendar year. Baseline is current law plus the extension of the lower rates on capital gains and qualifying dividends enacted by JGTRRA. Provisions include: \$5 million effective exemption; statutory rate of 15 percent on taxable estate between \$5 million and \$25 million and 30 percent on taxable estate greater than \$25 million; repeal the state death tax credit (and do not allow a deduction for state estate taxes paid); repeal the 5-percent surtax.

(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.