

Table T06-0168

**H.R. 5638, The Permanent Estate Tax Relief Act of 2006: Assuming 15 Percent Capital Gains Rate
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	5.3
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	8.9	0.0	16.6
Fourth Quintile	0.0	0.0	0.0	0.2	-2	0.0	0.2	18.3	0.0	20.9
Top Quintile	0.1	0.0	0.5	99.6	-1,077	-1.7	-0.4	68.2	-0.4	23.3
All	0.0	0.0	0.3	100.0	-216	-1.2	0.0	100.0	-0.3	20.9
Addendum										
Top 10 Percent	0.2	0.0	0.7	97.3	-2,104	-2.2	-0.5	52.1	-0.5	23.5
Top 5 Percent	0.3	0.0	0.9	89.8	-3,885	-2.7	-0.6	40.1	-0.6	23.6
Top 1 Percent	0.7	0.0	0.9	55.0	-11,900	-2.8	-0.4	23.2	-0.7	24.4
Top 0.5 Percent	0.8	0.0	0.9	41.5	-17,921	-2.6	-0.3	18.6	-0.7	24.6
Top 0.1 Percent	1.1	0.0	0.6	16.4	-35,411	-1.8	-0.1	10.8	-0.5	24.2

**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	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	30,250	19.4	11,711	622	11,090	5.3	2.7	3.2	0.7
Second Quintile	31,193	20.0	28,596	3,283	25,313	11.5	6.7	7.6	3.6
Middle Quintile	31,198	20.0	47,818	7,916	39,902	16.6	11.2	11.9	8.8
Fourth Quintile	31,196	20.0	78,017	16,296	61,720	20.9	18.3	18.4	18.1
Top Quintile	31,197	20.0	260,371	61,827	198,544	23.8	61.2	59.2	68.6
All	155,984	100.0	85,093	18,028	67,065	21.2	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,599	10.0	395,773	94,969	300,803	24.0	46.5	44.9	52.7
Top 5 Percent	7,799	5.0	605,989	146,751	459,238	24.2	35.6	34.2	40.7
Top 1 Percent	1,560	1.0	1,699,070	425,877	1,273,194	25.1	20.0	19.0	23.6
Top 0.5 Percent	780	0.5	2,697,930	681,779	2,016,151	25.3	15.9	15.0	18.9
Top 0.1 Percent	156	0.1	7,955,580	1,961,456	5,994,124	24.7	9.4	8.9	10.9

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 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.