

**Table T06-0189**  
**Equal-Cost Alternative Estate Tax Proposal with \$11.75 Million Exemption and 45 Percent Rate**  
**Baseline: H.R. 5638 As Amended and Passed by The House, The Permanent Estate Tax Relief Act of 2006**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<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	n.a.	0	0.0	0.0	0.5	0.0	4.3
Second Quintile	0.0	0.0	0.0	n.a.	0	0.0	0.0	2.9	0.0	10.6
Middle Quintile	0.0	0.0	0.0	n.a.	0	0.0	0.0	8.3	0.0	17.1
Fourth Quintile	0.0	0.0	0.0	n.a.	0	0.0	0.0	17.9	0.0	21.4
Top Quintile	0.0	0.0	0.0	n.a.	-3	0.0	0.0	70.3	0.0	27.5
All	0.0	0.0	0.0	n.a.	0	0.0	0.0	100.0	0.0	23.6
<b>Addendum</b>										
Top 10 Percent	0.0	0.0	0.0	n.a.	-7	0.0	0.0	54.4	0.0	28.7
Top 5 Percent	0.1	0.0	0.0	n.a.	-10	0.0	0.0	42.2	0.0	29.7
Top 1 Percent	0.1	0.1	0.0	n.a.	322	0.1	0.0	24.6	0.0	31.7
Top 0.5 Percent	0.2	0.1	-0.1	n.a.	955	0.1	0.0	19.8	0.0	32.6
Top 0.1 Percent	0.2	0.2	-0.1	n.a.	5,691	0.3	0.0	11.9	0.1	34.2

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<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	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	425	9,493	4.3	2.5	3.2	0.5	
Second Quintile	31,187	20.0	24,924	2,641	22,283	10.6	6.5	7.6	2.9	
Middle Quintile	31,196	20.0	43,588	7,465	36,123	17.1	11.4	12.3	8.3	
Fourth Quintile	31,195	20.0	75,268	16,113	59,155	21.4	19.7	20.2	17.9	
Top Quintile	31,197	20.0	230,709	63,476	167,233	27.5	60.3	57.2	70.3	
All	155,984	100.0	76,577	18,049	58,528	23.6	100.0	100.0	100.0	
<b>Addendum</b>										
Top 10 Percent	15,599	10.0	341,597	98,153	243,445	28.7	44.6	41.6	54.4	
Top 5 Percent	7,799	5.0	511,855	152,235	359,620	29.7	33.4	30.7	42.2	
Top 1 Percent	1,560	1.0	1,399,560	443,588	955,972	31.7	18.3	16.3	24.6	
Top 0.5 Percent	780	0.5	2,196,271	715,055	1,481,216	32.6	14.3	12.7	19.8	
Top 0.1 Percent	156	0.1	6,282,927	2,144,808	4,138,119	34.1	8.2	7.1	11.9	

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

(1) Calendar year. Baseline is current law plus the following provisions in H.R. 5638: \$5 million effective exemption indexed for inflation after 2010; statutory rate of 20 percent on taxable estate between \$5 million and \$25 million and 40 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. Proposal would increase the exemption to \$11.75 million and create a single statutory estate tax rate of 45 percent.

(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.