

Table T06-0190

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 Economic Income Class, 2011¹

Economic Income Class (thousands of 2005 dollars) 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
Less than 10	0.0	0.0	0.0	n.a.	0	0.0	0.0	0.3	0.0	5.6
10-20	0.0	0.0	0.0	n.a.	0	0.0	0.0	2.1	0.0	8.7
20-30	0.0	0.0	0.0	n.a.	0	0.0	0.0	5.0	0.0	14.6
30-40	0.0	0.0	0.0	n.a.	0	0.0	0.0	6.6	0.0	17.6
40-50	0.0	0.0	0.0	n.a.	0	0.0	0.0	7.3	0.0	20.3
50-75	0.0	0.0	0.0	n.a.	0	0.0	0.0	16.1	0.0	22.1
75-100	0.0	0.0	0.0	n.a.	0	0.0	0.0	11.2	0.0	23.3
100-200	0.0	0.0	0.0	n.a.	0	0.0	0.0	18.8	0.0	23.1
200-500	0.1	0.0	0.0	n.a.	-94	-0.1	0.0	12.7	0.0	23.0
500-1,000	0.3	0.0	0.2	n.a.	-1,326	-0.5	0.0	5.7	-0.1	25.4
More than 1,000	0.3	0.3	-0.1	n.a.	3,294	0.3	0.0	14.2	0.1	25.6
All	0.0	0.0	0.0	n.a.	0	0.0	0.0	100.0	0.0	21.2

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

Economic Income Class (thousands of 2005 dollars) 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	
Less than 10	19,892	12.8	8,391	466	7,924	5.6	1.3	1.5	0.3
10-20	29,710	19.1	22,969	1,996	20,973	8.7	5.1	6.0	2.1
20-30	25,713	16.5	37,580	5,480	32,101	14.6	7.3	7.9	5.0
30-40	19,488	12.5	54,174	9,539	44,635	17.6	8.0	8.3	6.6
40-50	14,654	9.4	69,398	14,054	55,344	20.3	7.7	7.8	7.3
50-75	21,240	13.6	96,219	21,270	74,949	22.1	15.4	15.2	16.1
75-100	9,751	6.3	138,307	32,178	106,129	23.3	10.2	9.9	11.2
100-200	10,453	6.7	218,417	50,497	167,920	23.1	17.2	16.8	18.8
200-500	3,261	2.1	474,020	109,310	364,710	23.1	11.7	11.4	12.7
500-1,000	565	0.4	1,111,260	283,149	828,111	25.5	4.7	4.5	5.7
More than 1,000	309	0.2	5,045,581	1,287,477	3,758,104	25.5	11.7	11.1	14.1
All	155,984	100.0	85,093	18,049	67,044	21.2	100.0	100.0	100.0

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 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.