

Table T06-0191
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 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	n.a.	0	0.0	0.0	0.7	0.0	5.4
Second Quintile	0.0	0.0	0.0	n.a.	0	0.0	0.0	3.7	0.0	11.5
Middle Quintile	0.0	0.0	0.0	n.a.	0	0.0	0.0	8.8	0.0	16.6
Fourth Quintile	0.0	0.0	0.0	n.a.	0	0.0	0.0	18.1	0.0	21.0
Top Quintile	0.0	0.0	0.0	n.a.	-1	0.0	0.0	68.5	0.0	23.7
All	0.0	0.0	0.0	n.a.	0	0.0	0.0	100.0	0.0	21.2
Addendum										
Top 10 Percent	0.0	0.0	0.0	n.a.	-3	0.0	0.0	52.5	0.0	24.0
Top 5 Percent	0.1	0.0	0.0	n.a.	-5	0.0	0.0	40.6	0.0	24.2
Top 1 Percent	0.3	0.1	0.0	n.a.	16	0.0	0.0	23.7	0.0	25.2
Top 0.5 Percent	0.3	0.1	0.0	n.a.	474	0.1	0.0	19.1	0.0	25.5
Top 0.1 Percent	0.3	0.4	-0.1	n.a.	7,274	0.4	0.0	11.2	0.1	25.4

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	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	3.7
Middle Quintile	31,198	20.0	47,818	7,952	39,865	16.6	11.2	11.9	8.8
Fourth Quintile	31,196	20.0	78,017	16,366	61,650	21.0	18.3	18.4	18.1
Top Quintile	31,197	20.0	260,371	61,799	198,571	23.7	61.2	59.2	68.5
All	155,984	100.0	85,093	18,049	67,044	21.2	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,599	10.0	395,773	94,825	300,948	24.0	46.5	44.9	52.5
Top 5 Percent	7,799	5.0	605,989	146,464	459,525	24.2	35.6	34.3	40.6
Top 1 Percent	1,560	1.0	1,699,070	428,091	1,270,980	25.2	20.0	19.0	23.7
Top 0.5 Percent	780	0.5	2,697,930	688,522	2,009,408	25.5	15.9	15.0	19.1
Top 0.1 Percent	156	0.1	7,955,580	2,012,168	5,943,412	25.3	9.4	8.9	11.2

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

(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.