

T08-0099
Income Subject to Tax and Effective Marginal Tax Rates
in the Regular Income Tax and the AMT Among AMT Taxpayers, Current Law¹

2007

Cash Income Class (thousands of 2008\$) ²	Percent With More Income Subject to Tax In ³		Average Adjustments and Preferences ⁴	Percent With a Higher Marginal Tax Rate In ⁵		Average Effective Marginal Tax Rate (percent) ⁶	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	0.0	100.0	983,913	0.0	100.0	-3.9	17.0
30-50	99.5	0.5	38,071	0.1	99.7	0.0	14.5
50-75	90.0	10.0	34,408	0.0	100.0	17.1	26.0
75-100	88.9	11.2	33,483	4.5	95.4	20.9	27.6
100-200	95.2	4.8	35,423	4.4	89.6	25.2	29.2
200-500	69.4	30.6	33,337	22.0	77.1	31.1	33.6
500-1,000	9.9	90.1	47,691	64.1	34.6	31.2	29.5
More than 1,000	13.6	86.5	193,232	61.4	34.1	27.4	27.1
All	63.4	36.6	43,439	26.1	71.9	29.6	31.8

2008

Cash Income Class (thousands of 2008\$) ²	Percent With More Income Subject to Tax In ³		Average Adjustments and Preferences ⁴	Percent With a Higher Marginal Tax Rate In ⁵		Average Effective Marginal Tax Rate (percent) ⁶	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	99.2	0.8	25,951	0.0	100.0	9.8	26.0
30-50	93.4	6.6	14,332	0.7	96.6	15.6	23.9
50-75	97.1	2.9	18,007	4.5	93.3	18.8	25.0
75-100	99.0	1.0	18,803	1.3	95.9	18.9	25.9
100-200	98.2	1.8	20,866	7.6	89.9	26.0	28.6
200-500	54.3	45.7	27,855	15.8	83.8	29.8	33.2
500-1,000	8.6	91.4	49,324	70.1	28.5	31.3	28.8
More than 1,000	8.2	91.8	193,659	60.6	35.3	27.9	27.6
All	87.1	12.9	23,635	9.6	88.3	24.8	28.6

2010

Cash Income Class (thousands of 2008\$) ²	Percent With More Income Subject to Tax In ³		Average Adjustments and Preferences ⁴	Percent With a Higher Marginal Tax Rate In ⁵		Average Effective Marginal Tax Rate (percent) ⁶	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	99.6	0.4	20,786	0.0	100.0	14.1	24.3
30-50	95.6	4.4	15,535	0.0	98.4	16.0	25.7
50-75	97.0	3.0	18,465	4.0	93.4	18.2	24.6
75-100	99.0	1.0	18,323	1.3	94.8	18.6	25.6
100-200	97.4	2.6	20,916	7.4	90.7	25.1	28.1
200-500	47.7	52.3	29,549	13.0	86.0	28.7	32.7
500-1,000	9.0	91.1	54,131	66.7	27.6	31.0	28.7
More than 1,000	6.5	93.6	202,171	52.8	34.3	27.9	27.6
All	86.4	13.6	23,738	8.4	89.2	23.7	28.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5).

(1) AMT taxpayers include those with AMT liability from Form 6251, with lost credits, and with reduced deductions.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Income subject to tax for the regular income tax is taxable income; for the AMT it is AMTI net of the AMT exemption.

(4) Amounts are in nominal dollars to facilitate comparison with AMT exemption amounts. For 2007, the AMT exemption is \$66,250 for married couples filing jointly and surviving spouses; \$44,350 for unmarried individuals other than surviving spouses; and \$33,125 for married individuals filing separately. For 2010, the exemption amounts are \$45,000, \$33,750, and \$22,500 respectively.

(5) The marginal tax rate for each return is calculated by adding \$1,000 to wages, recomputing income tax net of refundable credits, and dividing the resulting change in tax liability by 1,000.

(6) Marginal tax rates represent a simple average across individuals.