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**Table T17-0221**  
**Revenue and Distributionally Neutral Proposal to Lower Individual and Corporate Income Tax Rates and Repeal Certain Tax Expenditures**  
**Proposal Retains Certain Tax Expenditures that Benefit Low-Income Households**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Level, 2027 <sup>1</sup>**  
**Summary Table**

Expanded Cash Income Level (thousands of 2017 dollars) <sup>2</sup>	Tax Units		Percent Change in After-Tax Income <sup>3</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>4</sup>	
	Number (thousands)	Percent of Total				Change (% Points)	Under the Proposal
<b>Less than 10</b>	11,720	6.3	-1.6	-1.7	100	1.5	8.2
<b>10-20</b>	19,720	10.6	-0.3	-1.4	50	0.3	4.1
<b>20-30</b>	23,050	12.4	0.1	0.9	-30	-0.1	4.6
<b>30-40</b>	17,940	9.6	0.1	0.8	-30	-0.1	6.8
<b>40-50</b>	13,980	7.5	0.5	4.6	-240	-0.4	9.4
<b>50-75</b>	28,590	15.3	0.6	16.3	-420	-0.5	12.3
<b>75-100</b>	18,870	10.1	0.8	19.7	-770	-0.7	14.3
<b>100-200</b>	35,420	19.0	0.1	5.0	-100	-0.1	17.8
<b>200-500</b>	13,520	7.2	0.3	15.6	-850	-0.2	22.2
<b>500-1,000</b>	1,580	0.8	0.4	4.9	-2,260	-0.3	28.0
<b>More than 1,000</b>	1,070	0.6	0.9	35.6	-24,350	-0.6	32.9
<b>All</b>	186,640	100.0	0.4	100.0	-390	-0.3	19.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Number of AMT Taxpayers (millions). Baseline: 5.6 Proposal: 0

(1) Calendar year. Baseline is current law. Proposal would: repeal the Net Investment Income Tax (NIIT), individual and corporate alternative minimum tax (AMT), phase-out of personal exemptions, and Pease limitation on itemized deductions; set individual tax rates of 0, 5, 16, and 29.6; repeal individual income tax expenditures with exception of EITC, CTC, and partial exclusion of Social Security benefits; set corporate tax rate of 26 percent; implement territorial system plus minimum tax on foreign-source income; and repeal corporate tax expenditures. The 0% rate applies to income in the current law 10% bracket, the 5% rate applies to income in the current law 15% bracket, the 16% rate applies to income in the current law 25% bracket and up to 1.25 times the top of the current law 28% bracket, and the 29.9% rate applies to income above 1.25 times the top of the current law 28% bracket. Proposal is designed to be revenue neutral in FY 2037. Our criteria for distributional neutrality is that the absolute value of the percentage change in after-tax income is less than or equal to 1 percent for all income percentile classes. For more details, see

<http://www.taxpolicycenter.org/publications/tax-reform-tradeoff-eliminating-tax-expenditures-reducing-rates>.

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

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

(3) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(4) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

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**Revenue and Distributionally Neutral Proposal to Lower Individual and Corporate Income Tax Rates and Repeal Certain Tax Expenditures**  
**Proposal Retains Certain Tax Expenditures that Benefit Low-Income Households**

Baseline: Current Law

Distribution of Federal Tax Change by Expanded Cash Income Level, 2027 <sup>1</sup>

Detail Table

Expanded Cash Income Level (thousands of 2017 dollars) <sup>2</sup>	Percent Change in After-Tax Income <sup>3</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>4</sup>	
			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	-1.6	-1.7	100	22.5	0.0	0.1	1.5	8.2
10-20	-0.3	-1.4	50	7.2	0.0	0.3	0.3	4.1
20-30	0.1	0.9	-30	-1.9	0.0	0.7	-0.1	4.6
30-40	0.1	0.8	-30	-1.1	0.0	1.2	-0.1	6.8
40-50	0.5	4.6	-240	-4.4	-0.1	1.6	-0.4	9.4
50-75	0.6	16.3	-420	-4.2	-0.2	5.9	-0.5	12.3
75-100	0.8	19.7	-770	-4.7	-0.2	6.4	-0.7	14.3
100-200	0.1	5.0	-100	-0.3	0.3	23.7	-0.1	17.8
200-500	0.3	15.6	-850	-1.1	0.1	22.5	-0.2	22.2
500-1,000	0.4	4.9	-2,260	-1.0	0.1	7.9	-0.3	28.0
More than 1,000	0.9	35.6	-24,350	-1.9	-0.1	29.5	-0.6	32.9
All	0.4	100.0	-390	-1.6	0.0	100.0	-0.3	19.9

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Level, 2027 <sup>1</sup>**

Expanded Cash Income Level (thousands of 2017 dollars) <sup>2</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>3</sup>		Average Federal Tax Rate <sup>4</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	11,720	6.3	6,940	0.4	460	0.1	6,480	0.4	6.7
10-20	19,720	10.6	19,170	1.6	730	0.3	18,440	2.0	3.8
20-30	23,050	12.4	31,490	3.1	1,480	0.7	30,010	3.7	4.7
30-40	17,940	9.6	43,860	3.4	3,030	1.2	40,830	3.9	6.9
40-50	13,980	7.5	56,790	3.4	5,550	1.7	51,240	3.8	9.8
50-75	28,590	15.3	77,770	9.5	10,000	6.1	67,770	10.4	12.9
75-100	18,870	10.1	109,660	8.9	16,420	6.6	93,240	9.4	15.0
100-200	35,420	19.0	174,000	26.4	31,100	23.4	142,900	27.2	17.9
200-500	13,520	7.2	348,300	20.2	78,060	22.4	270,230	19.6	22.4
500-1,000	1,580	0.8	834,550	5.6	235,850	7.9	598,690	5.1	28.3
More than 1,000	1,070	0.6	3,880,680	17.8	1,302,000	29.6	2,578,680	14.8	33.6
All	#####	100.0	125,120	100.0	25,240	100.0	99,880	100.0	20.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Number of AMT Taxpayers (millions). Baseline: 5.6

Proposal: 0

(1) Calendar year. Baseline is current law. Proposal would: repeal the Net Investment Income Tax (NIIT), individual and corporate alternative minimum tax (AMT), phase-out of personal exemptions, and Pease limitation on itemized deductions; set individual tax rates of 0, 5, 16, and 29.6; repeal individual income tax expenditures with exception of EITC, CTC, and partial exclusion of Social Security benefits; set corporate tax rate of 26 percent; implement territorial system plus minimum tax on foreign-source income; and repeal corporate tax expenditures. The 0% rate applies to income in the current law 10% bracket, the 5% rate applies to income in the current law 15% bracket, the 16% rate applies to income in the current law 25% bracket and up to 1.25 times the top of the current law 28% bracket, and the 29.9% rate applies to income above 1.25 times the top of the current law 28% bracket. Proposal is designed to be revenue neutral in FY 2037. Our criteria for distributional neutrality is that the absolute value of the percentage change in after-tax income is less than or equal to 1 percent for all income percentile classes. For more details, see <http://www.taxpolicycenter.org/publications/tax-reform-tradeoff-eliminating-tax-expenditures-reducing-rates>.

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