

**Table T17-0246**  
**Effective Marginal Tax Rates (EMTR) On Wages and Salaries**  
**Under Current Law and Chairman's Amendment in the Nature of a Substitute to H.R. 1, The Tax Cuts and Jobs Act**  
**By Expanded Cash Income Percentile, 2027<sup>1</sup>**

Expanded Cash Income Percentiles <sup>2,3</sup>	Tax Units (thousands)	Individual Income Tax			Individual Income Tax plus Payroll Tax		
		Current Law	Tax Cuts and Jobs Act	Change (Percentage Points)	Current Law	Tax Cuts and Jobs Act	Change (Percentage Points)
Lowest Quintile	50,190	5.5	5.9	0.4	19.3	19.8	0.4
Second Quintile	42,290	16.8	15.9	-0.9	30.6	29.7	-0.9
Third Quintile	36,880	19.2	16.6	-2.6	32.9	30.2	-2.6
Fourth Quintile	30,280	20.7	17.9	-2.9	34.4	31.5	-2.9
Top Quintile	25,810	31.5	30.4	-1.1	39.3	38.2	-1.1
All	186,640	25.4	23.8	-1.6	36.0	34.3	-1.6
<b>Addendum</b>							
80-90	13,370	25.0	24.2	-0.8	37.2	36.4	-0.8
90-95	6,290	27.6	26.5	-1.1	36.7	35.6	-1.1
95-99	4,930	33.0	31.5	-1.5	39.3	37.8	-1.5
Top 1 Percent	1,220	39.4	38.2	-1.2	43.3	42.1	-1.2
Top 0.1 Percent	120	39.3	37.8	-1.5	43.1	41.6	-1.5

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

(1) Calendar year. Baseline is current law. We calculate effective marginal tax rates by adding \$1,000 to wages and salaries and recomputing tax liability. Our computation includes the impact of the alternative minimum tax and the phase-in and phase-out of credits and other tax provisions. We assume that under the proposal, a certain fraction of individuals recharacterize their wage and salary income as business income eligible for the preferential rates. For these individuals, we also assume that the increment to wages and salary is recharacterized as business income. We assume that the increase in wages does not change the reported amount of any deductions, exclusions, or other forms of income. Effective marginal tax rates are weighted by current-law wages and salaries.

(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) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2017 dollars): 20% \$25,000; 40% \$48,600; 60% \$86,100; 80% \$149,400; 90% \$216,800; 95% \$307,900; 99% \$732,800; 99.9% \$3,439,900.