

**Table T17-0257**  
**Effective Marginal Tax Rates (EMTR) On Wages and Salaries**  
**Under Current Law and House Bill: H.R.1, The Tax Cuts and Jobs Act as Ordered Reported by Committee on Ways and Means**  
**By Expanded Cash Income Level, 2018<sup>1</sup>**

Expanded Cash Income Level (thousands of 2017 dollars) <sup>2</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)
<b>Less than 10</b>	13,260	-5.8	-5.7	0.1	8.0	8.1	0.1
<b>10-20</b>	23,850	0.5	-1.3	-1.7	14.3	12.6	-1.7
<b>20-30</b>	22,230	11.1	8.9	-2.3	25.0	22.7	-2.3
<b>30-40</b>	16,640	16.1	13.6	-2.5	29.8	27.3	-2.5
<b>40-50</b>	13,220	17.6	15.1	-2.6	31.4	28.8	-2.6
<b>50-75</b>	24,450	19.0	15.5	-3.5	32.6	29.0	-3.5
<b>75-100</b>	16,650	19.8	16.8	-3.0	33.4	30.4	-3.0
<b>100-200</b>	30,850	22.6	19.6	-3.0	35.1	32.1	-3.0
<b>200-500</b>	11,630	29.6	27.6	-2.0	36.9	34.9	-2.0
<b>500-1,000</b>	1,530	35.4	34.2	-1.2	39.8	38.6	-1.2
<b>More than 1,000</b>	670	39.2	37.8	-1.4	43.1	41.7	-1.4
<b>All</b>	176,100	24.7	22.3	-2.5	35.0	32.6	-2.5

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>