

Table T17-0261
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, 2027¹

Expanded Cash Income Level (thousands of 2017 dollars) ²	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)
Less than 10	11,720	-6.4	-6.5	-0.1	7.4	7.3	-0.1
10-20	19,720	1.3	2.0	0.7	15.1	15.8	0.7
20-30	23,050	11.6	12.1	0.4	25.5	25.9	0.4
30-40	17,940	16.3	16.6	0.3	30.1	30.4	0.3
40-50	13,980	17.5	16.5	-1.0	31.2	30.2	-1.0
50-75	28,590	18.3	15.7	-2.7	32.0	29.3	-2.7
75-100	18,870	20.0	17.5	-2.5	33.7	31.2	-2.5
100-200	35,420	22.1	19.8	-2.3	35.5	33.2	-2.3
200-500	13,520	28.7	27.3	-1.4	37.6	36.2	-1.4
500-1,000	1,580	34.8	34.3	-0.6	39.5	38.9	-0.6
More than 1,000	1,070	39.4	38.0	-1.4	43.3	41.9	-1.4
All	186,640	25.4	23.7	-1.7	36.0	34.3	-1.7

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>