

Table T20-0227
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2019 ¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	1.3	98.7	0.0	0.1	*	0.2	0.6	0.6	3.2	3.2
Second Quintile	4.5	95.5	0.0	0.8	10	0.3	3.4	3.4	7.9	7.9
Middle Quintile	9.3	90.7	0.1	2.7	30	0.4	9.7	9.6	13.0	13.1
Fourth Quintile	15.8	84.2	0.1	6.9	110	0.5	18.3	18.2	16.8	16.9
Top Quintile	25.4	74.6	0.6	89.6	1,630	1.8	67.7	68.0	23.9	24.4
All	9.5	90.6	0.3	100.0	260	1.4	100.0	100.0	18.9	19.1
Addendum										
80-90	21.7	78.4	0.2	8.4	300	0.8	14.8	14.8	19.6	19.8
90-95	25.5	74.5	0.3	7.5	560	0.9	11.2	11.2	21.5	21.7
95-99	33.0	67.0	0.5	19.0	1,800	1.6	15.9	16.0	23.3	23.7
Top 1 Percent	36.1	63.9	1.2	54.7	21,210	2.9	25.7	26.1	29.6	30.5
Top 0.1 Percent	41.2	58.8	1.3	26.3	99,950	2.9	12.5	12.7	30.2	31.1

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2019 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	45,510	26.1	14,230	3.7	450	0.6	13,780	4.5	3.2	
Second Quintile	38,660	22.1	37,040	8.3	2,910	3.4	34,130	9.4	7.9	
Middle Quintile	35,420	20.3	68,690	14.0	8,930	9.7	59,760	15.0	13.0	
Fourth Quintile	29,260	16.8	122,090	20.6	20,490	18.3	101,590	21.1	16.8	
Top Quintile	24,600	14.1	376,170	53.4	89,970	67.7	286,210	50.0	23.9	
All	#####	100.0	99,280	100.0	18,720	100.0	80,570	100.0	18.9	
Addendum										
80-90	12,660	7.3	195,480	14.3	38,330	14.8	157,140	14.1	19.6	
90-95	6,070	3.5	281,420	9.9	60,470	11.2	220,950	9.5	21.5	
95-99	4,720	2.7	473,040	12.9	110,310	15.9	362,730	12.2	23.3	
Top 1 Percent	1,160	0.7	2,460,110	16.4	728,120	25.7	1,731,990	14.2	29.6	
Top 0.1 Percent	120	0.1	11,474,060	7.8	3,463,200	12.5	8,010,860	6.7	30.2	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

Number of AMT Taxpayers (millions). Baseline: 0.2

Proposal: 0.2

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2019 as of March 17, 2020. Table shows the tax benefit of the Sec199A deduction for qualified business income. This tax expenditure estimate does not include any potential payroll tax effect.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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 2019 dollars): 20% \$25,300; 40% \$50,700; 60% \$91,200; 80% \$163,600; 90% \$239,600; 95% \$339,200; 99% \$818,700; 99.9% \$3,803,800.

(4) Tax units with benefit are tax units with a net benefit of \$10 or more.

(5) 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.

(6) 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.

Table T20-0227
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2019 ¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After-Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	0.5	99.5	0.0	0.0	0	-0.3	-0.1	-0.1	-0.7	-0.7
Second Quintile	4.3	95.8	0.0	0.6	10	0.4	2.3	2.3	6.3	6.4
Middle Quintile	8.9	91.1	0.1	2.2	30	0.4	8.0	7.9	12.0	12.0
Fourth Quintile	14.1	85.9	0.1	6.4	90	0.5	17.5	17.3	16.3	16.4
Top Quintile	22.3	77.7	0.5	90.8	1,310	1.7	72.2	72.4	23.7	24.1
All	9.5	90.6	0.3	100.0	260	1.4	100.0	100.0	18.9	19.1
Addendum										
80-90	18.2	81.8	0.2	7.8	220	0.7	16.0	15.9	19.6	19.8
90-95	22.4	77.7	0.2	7.9	460	0.9	12.2	12.1	21.3	21.5
95-99	30.3	69.7	0.5	19.3	1,430	1.5	17.3	17.3	23.0	23.3
Top 1 Percent	35.2	64.8	1.2	55.8	18,000	2.9	26.7	27.1	29.4	30.2
Top 0.1 Percent	40.7	59.3	1.2	27.4	86,980	2.9	13.0	13.2	30.2	31.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2019 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	37,530	21.5	13,360	2.9	-90	-0.1	13,450	3.6	-0.7	
Second Quintile	36,320	20.8	32,990	6.9	2,090	2.3	30,900	8.0	6.3	
Middle Quintile	35,680	20.4	60,760	12.5	7,280	8.0	53,480	13.6	12.0	
Fourth Quintile	32,850	18.8	106,640	20.2	17,380	17.5	89,260	20.8	16.3	
Top Quintile	31,070	17.8	320,850	57.5	75,920	72.2	244,930	54.1	23.7	
All	174,690	100.0	99,280	100.0	18,720	100.0	80,570	100.0	18.9	
Addendum										
80-90	15,940	9.1	167,490	15.4	32,880	16.0	134,610	15.3	19.6	
90-95	7,710	4.4	242,810	10.8	51,700	12.2	191,100	10.5	21.3	
95-99	6,040	3.5	407,300	14.2	93,480	17.3	313,820	13.5	23.0	
Top 1 Percent	1,390	0.8	2,142,400	17.1	629,190	26.7	1,513,210	14.9	29.4	
Top 0.1 Percent	140	0.1	10,023,310	8.1	3,023,690	13.0	6,999,620	7.0	30.2	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

Number of AMT Taxpayers (millions). Baseline: 0.2 Proposal: 0.2

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2019 as of March 17, 2020. Table shows the tax benefit of the Sec199A deduction for qualified business income. This tax expenditure estimate does not include any potential payroll tax effect.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2019 dollars): 20% \$17,600; 40% \$34,500; 60% \$59,600; 80% \$100,200; 90% \$145,100; 95% \$203,500; 99% \$472,700; 99.9% \$2,217,700.

(4) Tax units with benefit are tax units with a net benefit of \$10 or more.

(5) 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.

(6) 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.

Table T20-0227
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2019¹
Detail Table - Single Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	0.8	99.2	0.0	0.1	0	0.1	1.5	1.5	4.9	4.9
Second Quintile	4.3	95.7	0.0	2.0	10	0.3	5.8	5.8	8.9	8.9
Middle Quintile	6.3	93.7	0.0	4.4	20	0.3	14.2	14.2	13.5	13.5
Fourth Quintile	9.2	90.8	0.1	10.1	50	0.4	22.5	22.4	17.5	17.6
Top Quintile	15.6	84.4	0.4	83.4	580	1.2	55.8	56.0	24.0	24.3
All	5.8	94.2	0.2	100.0	80	0.8	100.0	100.0	17.8	17.9
Addendum										
80-90	12.7	87.3	0.1	10.5	130	0.5	16.6	16.6	20.8	20.9
90-95	17.6	82.5	0.2	9.9	290	0.8	10.1	10.1	21.7	21.9
95-99	21.3	78.7	0.3	15.7	680	1.0	12.3	12.3	23.4	23.6
Top 1 Percent	25.0	75.0	1.0	47.3	11,020	2.3	16.9	17.1	31.3	32.0
Top 0.1 Percent	36.4	63.6	1.3	28.8	57,320	2.7	8.6	8.8	31.6	32.5

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2019¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	22,850	27.3	10,490	5.4	510	1.5	9,980	6.2	4.9	
Second Quintile	19,960	23.8	25,770	11.5	2,290	5.8	23,480	12.8	8.9	
Middle Quintile	18,020	21.5	46,460	18.8	6,250	14.2	40,210	19.8	13.5	
Fourth Quintile	13,160	15.7	77,080	22.8	13,520	22.5	63,560	22.8	17.5	
Top Quintile	9,180	11.0	200,460	41.3	48,100	55.8	152,360	38.2	24.0	
All	83,830	100.0	53,160	100.0	9,440	100.0	43,720	100.0	17.8	
Addendum										
80-90	5,270	6.3	119,780	14.2	24,900	16.6	94,880	13.7	20.8	
90-95	2,150	2.6	170,260	8.2	36,970	10.1	133,300	7.8	21.7	
95-99	1,480	1.8	281,630	9.3	65,830	12.3	215,800	8.7	23.4	
Top 1 Percent	270	0.3	1,551,190	9.6	485,950	16.9	1,065,240	8.0	31.3	
Top 0.1 Percent	30	0.0	6,714,230	4.9	2,123,040	8.6	4,591,180	4.0	31.6	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2019 as of March 17, 2020. Table shows the tax benefit of the Sec199A deduction for qualified business income. This tax expenditure estimate does not include any potential payroll tax effect.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2019 dollars): 20% \$17,600; 40% \$34,500; 60% \$59,600; 80% \$100,200; 90% \$145,100; 95% \$203,500; 99% \$472,700; 99.9% \$2,217,700.

(4) Tax units with benefit are tax units with a net benefit of \$10 or more.

(5) 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.

(6) 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.

Table T20-0227
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2019 ¹
Detail Table - Married Tax Units Filing Jointly

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	*	**	0.0	0.0	0	0.0	0.0	0.0	-0.6	-0.6
Second Quintile	5.2	94.8	0.0	0.2	10	0.5	0.8	0.8	5.1	5.1
Middle Quintile	14.7	85.3	0.1	1.6	50	0.6	4.5	4.5	10.8	10.9
Fourth Quintile	19.6	80.4	0.1	5.8	130	0.6	14.8	14.6	15.5	15.6
Top Quintile	26.1	73.9	0.6	92.4	1,640	1.9	79.7	79.9	23.5	23.9
All	16.5	83.5	0.4	100.0	560	1.6	100.0	100.0	20.1	20.4
Addendum										
80-90	22.0	78.0	0.2	7.5	280	0.8	16.1	16.0	19.2	19.3
90-95	24.9	75.1	0.3	7.7	530	0.9	13.5	13.4	21.2	21.4
95-99	33.9	66.1	0.5	20.7	1,710	1.7	20.1	20.1	22.8	23.2
Top 1 Percent	37.9	62.1	1.2	56.4	19,340	3.0	30.1	30.5	29.0	29.9
Top 0.1 Percent	42.1	57.9	1.3	25.8	94,540	3.0	13.9	14.1	30.1	31.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2019 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	7,310	11.4	17,320	1.1	-100	0.0	17,420	1.4	-0.6	
Second Quintile	8,470	13.2	43,280	3.3	2,210	0.8	41,070	3.9	5.1	
Middle Quintile	11,720	18.2	79,750	8.4	8,620	4.5	71,120	9.4	10.8	
Fourth Quintile	16,220	25.2	131,120	19.1	20,380	14.8	110,740	20.2	15.5	
Top Quintile	20,200	31.4	375,860	68.2	88,340	79.7	287,520	65.2	23.5	
All	64,370	100.0	173,090	100.0	34,780	100.0	138,310	100.0	20.1	
Addendum										
80-90	9,640	15.0	194,930	16.9	37,360	16.1	157,570	17.1	19.2	
90-95	5,180	8.0	275,400	12.8	58,320	13.5	217,080	12.6	21.2	
95-99	4,340	6.7	453,720	17.7	103,480	20.1	350,240	17.1	22.8	
Top 1 Percent	1,040	1.6	2,222,510	20.8	645,470	30.1	1,577,040	18.5	29.0	
Top 0.1 Percent	100	0.2	10,610,780	9.3	3,189,190	13.9	7,421,590	8.1	30.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2019 as of March 17, 2020. Table shows the tax benefit of the Sec199A deduction for qualified business income. This tax expenditure estimate does not include any potential payroll tax effect.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2019 dollars): 20% \$17,600; 40% \$34,500; 60% \$59,600; 80% \$100,200; 90% \$145,100; 95% \$203,500; 99% \$472,700; 99.9% \$2,217,700.

(4) Tax units with benefit are tax units with a net benefit of \$10 or more.

(5) 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.

(6) 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.

Table T20-0227
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2019¹
Detail Table - Head of Household Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After-Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	0.0	100.0	0.0	0.0	0	0.0	-9.3	-9.3	-11.3	-11.3
Second Quintile	2.2	97.8	0.0	2.8	*	0.4	5.7	5.6	3.0	3.0
Middle Quintile	4.6	95.4	0.0	7.3	20	0.2	24.4	24.3	11.0	11.1
Fourth Quintile	7.4	92.6	0.1	9.7	40	0.2	31.8	31.7	16.8	16.9
Top Quintile	12.0	88.0	0.4	80.1	820	1.2	47.4	47.6	23.8	24.1
All	3.1	96.9	0.1	100.0	50	0.7	100.0	100.0	11.3	11.4
Addendum										
80-90	10.4	89.6	0.1	8.6	130	0.4	15.4	15.4	19.9	20.0
90-95	12.0	88.0	0.1	5.7	260	0.5	7.8	7.7	21.3	21.5
95-99	18.8	81.2	0.4	10.6	1,110	1.2	6.4	6.5	24.3	24.6
Top 1 Percent	29.0	71.0	1.0	55.3	22,670	2.3	17.8	18.1	30.0	30.6
Top 0.1 Percent	44.3	55.7	0.9	33.5	130,070	2.0	12.1	12.3	30.0	30.6

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2019¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	6,990	30.2	18,700	9.4	-2,110	-9.3	20,800	11.8	-11.3	
Second Quintile	7,270	31.4	41,080	21.5	1,230	5.7	39,850	23.5	3.0	
Middle Quintile	5,020	21.7	69,480	25.1	7,670	24.4	61,810	25.2	11.0	
Fourth Quintile	2,710	11.7	110,260	21.4	18,560	31.8	91,700	20.1	16.8	
Top Quintile	1,130	4.9	279,460	22.6	66,380	47.4	213,080	19.5	23.8	
All	23,150	100.0	60,140	100.0	6,820	100.0	53,320	100.0	11.3	
Addendum										
80-90	740	3.2	166,080	8.8	33,100	15.4	132,980	7.9	19.9	
90-95	250	1.1	226,300	4.1	48,300	7.8	178,000	3.7	21.3	
95-99	110	0.5	378,480	3.0	91,970	6.4	286,510	2.6	24.3	
Top 1 Percent	30	0.1	3,340,980	6.7	1,001,010	17.8	2,339,970	5.3	30.0	
Top 0.1 Percent	*	0.0	21,548,910	4.6	6,462,030	12.1	15,086,890	3.6	30.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2019 as of March 17, 2020. Table shows the tax benefit of the Sec199A deduction for qualified business income. This tax expenditure estimate does not include any potential payroll tax effect.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2019 dollars): 20% \$17,600; 40% \$34,500; 60% \$59,600; 80% \$100,200; 90% \$145,100; 95% \$203,500; 99% \$472,700; 99.9% \$2,217,700.

(4) Tax units with benefit are tax units with a net benefit of \$10 or more.

(5) 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.

(6) 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.

Table T20-0227
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2019 ¹
Detail Table - Tax Units with Children

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After-Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	0.1	99.9	0.0	0.0	0	0.0	-1.7	-1.7	-10.4	-10.4
Second Quintile	4.1	95.9	0.0	0.5	10	0.6	1.4	1.4	3.8	3.8
Middle Quintile	11.8	88.2	0.1	2.4	50	0.5	7.8	7.7	12.1	12.2
Fourth Quintile	17.9	82.1	0.1	7.3	160	0.6	18.4	18.3	17.3	17.4
Top Quintile	25.6	74.4	0.6	89.8	2,090	1.9	73.9	74.2	24.9	25.4
All	11.2	88.8	0.4	100.0	410	1.6	100.0	100.0	19.2	19.5
Addendum										
80-90	22.3	77.7	0.2	7.6	350	0.8	15.9	15.8	20.7	20.8
90-95	25.6	74.4	0.3	7.9	730	1.0	12.4	12.3	22.6	22.8
95-99	31.5	68.5	0.6	20.0	2,420	1.8	17.3	17.4	24.6	25.1
Top 1 Percent	36.1	63.9	1.3	54.4	25,020	3.1	28.3	28.7	30.0	30.9
Top 0.1 Percent	41.8	58.2	1.2	23.2	109,240	2.8	13.2	13.3	30.1	31.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2019 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	11,280	21.4	19,610	3.1	-2,040	-1.7	21,640	4.3	-10.4	
Second Quintile	11,280	21.4	44,660	7.1	1,680	1.4	42,980	8.5	3.8	
Middle Quintile	10,560	20.0	82,740	12.4	10,030	7.8	72,710	13.5	12.1	
Fourth Quintile	10,070	19.1	143,570	20.5	24,790	18.4	118,780	21.0	17.3	
Top Quintile	9,280	17.6	432,700	56.9	107,900	73.9	324,810	52.9	24.9	
All	52,690	100.0	133,830	100.0	25,710	100.0	108,120	100.0	19.2	
Addendum										
80-90	4,700	8.9	221,300	14.8	45,780	15.9	175,530	14.5	20.7	
90-95	2,330	4.4	318,560	10.5	71,980	12.4	246,590	10.1	22.6	
95-99	1,780	3.4	537,770	13.6	132,280	17.3	405,490	12.6	24.6	
Top 1 Percent	470	0.9	2,725,070	18.1	817,940	28.3	1,907,140	15.7	30.0	
Top 0.1 Percent	50	0.1	12,948,940	8.4	3,903,360	13.2	9,045,580	7.3	30.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

* Non-zero value rounded to zero; ** Insufficient data

Note: Tax units with children are those claiming an exemption for children at home or away from home or with children qualifying for the Child Tax Credit or EITC.

(1) Calendar year. Baseline is the law currently in place for 2019 as of March 17, 2020. Table shows the tax benefit of the Sec199A deduction for qualified business income. This tax expenditure estimate does not include any potential payroll tax effect.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2019 dollars): 20% \$17,600; 40% \$34,500; 60% \$59,600; 80% \$100,200; 90% \$145,100; 95% \$203,500; 99% \$472,700; 99.9% \$2,217,700.

(4) Tax units with benefit are tax units with a net benefit of \$10 or more.

(5) 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.

(6) 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.

Table T20-0227
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2019 ¹
Detail Table - Elderly Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After-Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	0.1	99.9	0.0	0.0	0	0.0	0.2	0.2	1.1	1.1
Second Quintile	1.3	98.7	0.0	0.2	*	0.2	1.2	1.2	2.3	2.3
Middle Quintile	7.7	92.3	0.0	1.4	20	0.5	4.8	4.8	5.2	5.3
Fourth Quintile	16.8	83.2	0.1	6.2	80	0.8	13.2	13.1	10.1	10.2
Top Quintile	28.0	72.0	0.6	92.2	1,400	2.0	80.1	80.3	21.6	22.0
All	9.7	90.3	0.3	100.0	240	1.8	100.0	100.0	15.1	15.3
Addendum										
80-90	23.6	76.4	0.2	8.1	240	1.1	12.9	12.8	14.7	14.9
90-95	27.8	72.2	0.3	8.0	500	1.3	10.4	10.3	17.2	17.4
95-99	37.0	63.0	0.5	17.6	1,350	1.8	16.8	16.9	19.9	20.2
Top 1 Percent	37.0	63.0	1.0	58.6	16,150	2.6	40.0	40.3	29.0	29.7
Top 0.1 Percent	38.6	61.4	1.1	32.4	69,820	2.6	22.2	22.4	30.1	30.9

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2019 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	6,930	16.3	12,770	2.3	140	0.2	12,630	2.7	1.1	
Second Quintile	10,670	25.1	29,690	8.2	670	1.2	29,020	9.4	2.3	
Middle Quintile	9,820	23.1	55,150	14.0	2,880	4.8	52,270	15.6	5.2	
Fourth Quintile	7,960	18.7	95,830	19.7	9,670	13.2	86,160	20.9	10.1	
Top Quintile	6,730	15.8	321,490	55.9	69,440	80.1	252,050	51.6	21.6	
All	42,590	100.0	90,980	100.0	13,710	100.0	77,270	100.0	15.1	
Addendum										
80-90	3,410	8.0	150,350	13.2	22,080	12.9	128,270	13.3	14.7	
90-95	1,630	3.8	216,040	9.1	37,180	10.4	178,860	8.9	17.2	
95-99	1,330	3.1	373,320	12.8	74,090	16.8	299,240	12.1	19.9	
Top 1 Percent	370	0.9	2,176,670	20.8	631,200	40.0	1,545,460	17.4	29.0	
Top 0.1 Percent	50	0.1	9,099,240	11.1	2,738,900	22.2	6,360,340	9.2	30.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

* Non-zero value rounded to zero; ** Insufficient data

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is the law currently in place for 2019 as of March 17, 2020. Table shows the tax benefit of the Sec199A deduction for qualified business income. This tax expenditure estimate does not include any potential payroll tax effect.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2019 dollars): 20% \$17,600; 40% \$34,500; 60% \$59,600; 80% \$100,200; 90% \$145,100; 95% \$203,500; 99% \$472,700; 99.9% \$2,217,700.

(4) Tax units with benefit are tax units with a net benefit of \$10 or more.

(5) 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.

(6) 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.