

Average Federal Tax Rates for Households with Children, by Comprehensive Household Income Quintile, 1979-2020

Table with 12 columns: Year, Lowest Quintile, Second Quintile, Middle Quintile, Fourth Quintile, Highest Quintile, All Quintiles, 81st-90th Percentiles, 91st-95th Percentiles, 96th-99th Percentiles, Top 1%, Average Total Federal Tax Rate (percent). Rows list years from 1979 to 2020.

Average Individual Income Tax Rate (percent)

Table with 12 columns: Year, Lowest Quintile, Second Quintile, Middle Quintile, Fourth Quintile, Highest Quintile, All Quintiles, 81st-90th Percentiles, 91st-95th Percentiles, 96th-99th Percentiles, Top 1%, Average Individual Income Tax Rate (percent). Rows list years from 1979 to 2020.

Average Payroll Tax Rate (percent)

Table with 12 columns: Year, Lowest Quintile, Second Quintile, Middle Quintile, Fourth Quintile, Highest Quintile, All Quintiles, 81st-90th Percentiles, 91st-95th Percentiles, 96th-99th Percentiles, Top 1%, Average Payroll Tax Rate (percent). Rows list years from 1979 to 2020.

Average Corporate Income Tax Rate (percent)

Table with 12 columns: Year, Lowest Quintile, Second Quintile, Middle Quintile, Fourth Quintile, Highest Quintile, All Quintiles, 81st-90th Percentiles, 91st-95th Percentiles, 96th-99th Percentiles, Top 1%, Average Corporate Income Tax Rate (percent). Rows list years from 1979 to 2020.

Average Excise Tax Rate (percent)

Table with 12 columns: Year, Lowest Quintile, Second Quintile, Middle Quintile, Fourth Quintile, Highest Quintile, All Quintiles, 81st-90th Percentiles, 91st-95th Percentiles, 96th-99th Percentiles, Top 1%, Average Excise Tax Rate (percent). Rows list years from 1979 to 2020.

Source: Congressional Budget Office, The Distribution of Household Income in 2020, November 2023, https://www.cbo.gov/publication/59509

Notes: Effective tax rates are calculated by dividing taxes by comprehensive household income. \* = between .05 and 0.05 percent, only including households with children (defined as those under age 18); households are distributed in income quintiles by income before taxes and transfers. Numbers in the data may not add up to totals because of rounding.

Comprehensive household income equals pretax cash income plus income from other sources. Pretax cash income is the sum of wages, salaries, self-employment income, rents, taxable and nontaxable interest, dividends, realized capital gains, cash transfer payments, and retirement benefits plus taxes paid by businesses (corporate income taxes and the employer's share of Social Security, Medicare, and federal employment insurance payroll taxes) and employee contributions to 401(k) retirement plans. Other sources of income include all in-kind benefits (Medicare, Medicaid, employer-paid health insurance premiums, food stamps, school lunches and breakfasts, housing assistance, and energy assistance).

Income categories are defined by ranking all people by their comprehensive household income before transfers and taxes, and adjusted for household size—that is, divided by the square root of the household's size. A household consists of the people who share a housing unit, regardless of their relationships. Quintiles, or fifths, contain equal numbers of people. Households with negative income (business or investment losses larger than other income) are excluded from the lowest income category but are included in totals.

Individual income taxes are attributed directly to households paying those taxes. Social insurance, or payroll, taxes are attributed to households paying those taxes directly or paying them indirectly through their employers. Corporate income taxes are attributed to households according to their share of capital income. Federal excise taxes are attributed to them according to their consumption of the taxed good or service.