

Preliminary Estimates: February 3, 2003

Table T03-0064
Extend EGTRRA:
Distribution of Income and Estate Tax Change by Percentiles, 2012^{1,2}

AGI Class ³	Percent Change in After-Tax	Percent of Total Tax Change	Average Tax Change (\$)	Average Tax Rate ⁵	
				Current Law	Proposal
Lowest Quintile	0.5	0.5	-37	-7.7	-8.3
Second Quintile	2.4	7.0	-494	-1.0	-3.4
Middle Quintile	2.2	11.4	-804	7.9	5.9
Fourth Quintile	1.7	15.6	-1,099	12.4	10.9
Next 10 Percent	1.3	9.7	-1,363	15.3	14.2
Next 5 Percent	0.7	3.8	-1,086	17.8	17.2
Next 4 Percent	1.4	8.4	-2,980	22.9	21.8
Top 1 Percent	6.8	43.6	-61,546	30.7	25.9
All	2.3	100.0	-1,412	17.0	15.0

Sources: Urban-Brookings Tax Policy Center Microsimulation Model and authors' calculations based on Cronin (1999) and Treasury (2003).

(1) Calendar Year. Baseline is current law. Includes provisions affecting marginal tax rates, the 10-percent bracket, the child tax credit, the child and dependent care credit, the limitation on itemized deductions, the personal exemption phaseout, the AMT, as well as the standard deduction, 15-percent bracket, and EITC provisions for married couples.

(2) Assumes that estate and gift taxes are distributed as reported by the Treasury Department, Office of Tax Analysis, in table 12 of Cronin (1999). Note that Treasury reports the distribution in terms of family economic income, a broader measure than AGI. The revenue estimate for extending repeal of the estate tax is from Treasury (2003), "General Explanations of the Administration's Fiscal Year 2004 Revenue Proposals".

(3) Returns with negative AGI are excluded from the lowest quintile but are included in the totals. The income thresholds are (in 2001\$): second quintile, \$9,986; middle quintile, \$21,881; fourth quintile, \$39,950; next 10 percent, \$76,570; next 5 percent, \$113,561; next 4 percent, \$155,595; and top 1 percent, \$357,211.

(4) After-tax income is AGI less (1) individual income tax net of refundable credits; and (2) estate tax.

(5) Average income and estate taxes as a percentage of average AGI.