

Table T06-0237
H.R. 5970: Estate Tax and Extension of Tax Relief Act of 2006 ("ETETRA")
Fully-Phased In Impact of Major Provisions at 2006 Income and Wealth Levels Assuming Lowest Estate Tax Rate of 20 Percent
Distribution of Federal Tax Change by Cash Income Percentile¹

Cash Income Percentile ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	14.0	0.0	0.1	0.7	-9	-3.2	0.0	0.4	-0.1	3.3
Second Quintile	24.0	0.0	0.1	1.6	-19	-1.2	0.0	2.3	-0.1	7.5
Middle Quintile	31.2	0.0	0.2	4.4	-52	-1.0	0.1	7.9	-0.2	14.3
Fourth Quintile	49.2	0.0	0.2	7.3	-88	-0.8	0.2	17.7	-0.1	18.5
Top Quintile	70.1	0.0	0.7	84.8	-1,017	-2.1	-0.2	71.6	-0.5	24.6
All	37.8	0.0	0.5	100.0	-240	-1.8	0.0	100.0	-0.4	20.7
Addendum										
Top 10 Percent	78.4	0.0	0.9	73.3	-1,758	-2.4	-0.3	56.1	-0.6	26.0
Top 5 Percent	84.7	0.0	1.0	60.6	-2,908	-2.5	-0.3	44.0	-0.7	27.2
Top 1 Percent	93.9	0.0	1.1	35.5	-8,517	-2.4	-0.2	26.3	-0.7	29.6
Top 0.5 Percent	96.3	0.1	1.1	28.9	-13,842	-2.4	-0.1	21.3	-0.8	30.4
Top 0.1 Percent	99.0	0.0	1.1	15.5	-37,291	-2.2	-0.1	13.0	-0.7	32.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2006¹

Cash Income Percentile ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	28,703	19.6	7,923	269	7,654	3.4	2.5	3.0	0.4
Second Quintile	29,289	20.0	20,116	1,520	18,596	7.6	6.4	7.5	2.3
Middle Quintile	29,279	20.0	35,940	5,205	30,735	14.5	11.4	12.4	7.8
Fourth Quintile	29,283	20.0	62,270	11,590	50,681	18.6	19.8	20.4	17.5
Top Quintile	29,282	20.0	189,863	47,652	142,212	25.1	60.3	57.2	71.8
All	146,417	100.0	62,970	13,270	49,699	21.1	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,642	10.0	281,205	74,855	206,350	26.6	44.7	41.5	56.4
Top 5 Percent	7,323	5.0	421,832	117,603	304,229	27.9	33.5	30.6	44.3
Top 1 Percent	1,464	1.0	1,159,675	351,656	808,019	30.3	18.4	16.3	26.5
Top 0.5 Percent	732	0.5	1,825,082	569,138	1,255,945	31.2	14.5	12.6	21.4
Top 0.1 Percent	146	0.1	5,274,153	1,735,832	3,538,321	32.9	8.4	7.1	13.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (versions 0305-3A and 0304-5).

(1) Calendar year. Baseline for individual and corporate income tax is 2006 current law with pre-JGTRRA treatment of long-term capital gains and qualified dividends. Baseline for estate tax is 2015 current law (with unindexed parameters deflated to 2006 dollar levels) applied to 2006 wealth levels. Individual and corporate provisions include: extend deduction of state and local general sales taxes; extend the deduction for qualified tuition and related expenses; extend and modify the research credit. Estate tax provisions include \$5 million effective exemption; statutory estate tax rate of 20 percent on taxable estate up to \$25 million and 30 percent on taxable estate greater than \$25 million (all values deflated to 2006 dollar levels); repeal the state death tax credit and do not allow a deduction for state estate taxes paid; repeal the 5-percent surtax.

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.