

**Table T06-0317**  
**Tax Benefits of the One-Third Elimination of the Personal Exemption Phaseout (PEP) and Limitation on Itemized Deductions (Pease)**  
**Distribution of Federal Tax Change by Cash Income Class, 2006<sup>1</sup>**

Cash Income Class (thousands of 2006 dollars) <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Benefits as Percent of After-Tax Income <sup>4</sup>	Share of Total Federal Tax Benefits	Average Federal Tax Benefits		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Benefit	Without Tax Benefit			Dollars	As Percent of Tax	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	100.0	0.0	0.0	0	0.0	0.0	0.2	0.0	4.0
10-20	0.0	100.0	0.0	0.0	0	0.0	0.0	0.9	0.0	4.5
20-30	0.0	100.0	0.0	0.0	0	0.0	0.0	2.4	0.0	9.8
30-40	0.0	100.0	0.0	0.0	0	0.0	0.0	3.7	0.0	14.0
40-50	0.0	100.0	0.0	0.0	0	0.0	0.0	4.4	0.0	16.6
50-75	0.0	100.0	0.0	0.0	0	0.0	0.0	11.9	0.0	18.5
75-100	0.3	99.7	0.0	0.0	0	0.0	0.0	11.0	0.0	20.0
100-200	9.1	90.9	0.0	1.7	4	0.0	0.0	24.0	0.0	22.5
200-500	43.6	56.4	0.1	19.3	179	0.2	0.0	15.5	-0.1	25.6
500-1,000	52.9	47.1	0.3	23.1	1,241	0.7	0.0	6.8	-0.2	27.7
More than 1,000	72.3	27.7	0.3	56.0	5,720	0.6	-0.1	19.1	-0.2	32.4
All	2.7	97.3	0.1	100.0	27	0.2	0.0	100.0	0.0	21.3

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Class, 2006<sup>1</sup>**

Cash Income Class (thousands of 2006 dollars) <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	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							
Less than 10	19,138	13.0	5,634	223	5,410	4.0	1.1	1.4	0.2
10-20	25,619	17.4	14,909	672	14,237	4.5	4.1	4.9	0.9
20-30	19,881	13.5	24,735	2,419	22,316	9.8	5.2	6.0	2.4
30-40	15,077	10.2	34,840	4,891	29,949	14.0	5.6	6.1	3.7
40-50	11,930	8.1	44,708	7,420	37,288	16.6	5.7	6.0	4.4
50-75	21,009	14.3	61,462	11,372	50,090	18.5	13.7	14.2	11.9
75-100	12,719	8.6	86,239	17,260	68,979	20.0	11.7	11.8	10.9
100-200	15,955	10.8	134,074	30,166	103,908	22.5	22.7	22.4	24.0
200-500	4,214	2.9	287,808	73,940	213,868	25.7	12.9	12.2	15.5
500-1,000	727	0.5	677,545	189,188	488,357	27.9	5.2	4.8	6.8
More than 1,000	383	0.3	3,081,101	1,004,122	2,076,979	32.6	12.5	10.7	19.2
All	147,237	100.0	63,974	13,647	50,327	21.3	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

(1) Calendar year. Under current law, the calculated value of the personal exemption phaseout and the limitation on itemized deductions is reduced by one-third for 2006. Benefits are measured as current law against a baseline in which PEP and Pease are fully in place.

(2) Tax units with negative cash income are excluded from the lowest income class 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.