

T08-0253
Income Subject to Tax and Effective Marginal Tax Rates
in the Regular Income Tax and the AMT Among AMT Taxpayers, Current Law¹

2008

Cash Income Class (thousands of 2008\$) ²	Percent With More Income Subject to Tax In ³		Average Adjustments and Preferences ⁴	Percent With a Higher Marginal Tax Rate In ⁵		Average Effective Marginal Tax Rate (percent) ⁶	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	0.0	100.0	1,017,530	0.0	100.0	-19.2	17.0
30-50	0.0	100.0	861,977	0.0	100.0	0.0	26.0
50-75	87.5	12.5	36,676	0.0	100.0	16.0	26.5
75-100	94.4	5.7	35,370	5.8	93.8	25.1	31.9
100-200	94.4	5.6	35,710	1.8	95.6	26.8	31.5
200-500	65.6	34.4	35,154	14.4	85.2	30.7	34.0
500-1,000	6.5	93.5	52,208	65.6	33.7	31.7	29.9
More than 1,000	5.8	94.2	204,415	62.4	33.9	27.9	27.5
All	58.4	41.7	46,641	22.6	76.5	29.9	32.6

2009

Cash Income Class (thousands of 2008\$) ²	Percent With More Income Subject to Tax In ³		Average Adjustments and Preferences ⁴	Percent With a Higher Marginal Tax Rate In ⁵		Average Effective Marginal Tax Rate (percent) ⁶	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	99.7	0.3	20,023	0.0	100.0	15.2	26.0
30-50	93.9	6.1	15,231	1.0	96.1	15.4	23.6
50-75	97.3	2.8	18,416	2.8	94.8	18.2	24.9
75-100	98.9	1.1	18,795	1.3	95.7	18.1	25.0
100-200	97.8	2.3	21,101	5.2	92.8	25.0	28.1
200-500	52.0	48.1	28,732	15.8	83.8	29.2	32.8
500-1,000	9.3	90.7	51,137	69.9	28.9	31.2	28.8
More than 1,000	8.7	91.3	202,724	61.3	34.9	27.9	27.5
All	87.2	12.8	23,684	7.9	90.1	23.8	28.0

2010

Cash Income Class (thousands of 2008\$) ²	Percent With More Income Subject to Tax In ³		Average Adjustments and Preferences ⁴	Percent With a Higher Marginal Tax Rate In ⁵		Average Effective Marginal Tax Rate (percent) ⁶	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	99.6	0.4	20,786	0.0	100.0	14.1	24.3
30-50	95.6	4.4	15,525	0.0	98.6	16.0	25.7
50-75	97.0	3.0	18,451	4.1	93.5	18.2	24.6
75-100	99.0	1.0	18,328	1.3	94.9	18.6	25.6
100-200	97.4	2.6	20,919	7.4	90.7	25.0	28.1
200-500	48.1	51.9	29,562	12.8	86.2	28.7	32.7
500-1,000	9.0	91.0	54,091	66.5	27.9	31.0	28.7
More than 1,000	6.5	93.6	201,963	52.8	34.3	27.8	27.6
All	86.4	13.6	23,755	8.5	89.2	23.7	28.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

(1) AMT taxpayers include those with AMT liability from Form 6251, with lost credits, and with reduced deductions.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Includes both filing and non-filing units but excludes those that are dependents of other taxpayers. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Income subject to tax for the regular income tax is taxable income; for the AMT it is AMTI net of the AMT exemption.

(4) Amounts are in nominal dollars to facilitate comparison with AMT exemption amounts. For 2007, the AMT exemption is \$66,250 for married couples filing jointly and surviving spouses; \$44,350 for unmarried individuals other than surviving spouses; and \$33,125 for married individuals filing separately. For 2008 and 2010, the exemption amounts are \$45,000, \$33,750, and \$22,500.

(5) The marginal tax rate for each return is calculated by adding \$1,000 to wages, recomputing income tax net of refundable credits, and dividing the resulting change in tax liability by 1,000.

(6) Marginal tax rates represent a simple average across individuals.