

Table T09-0466
Repeal ESI Exclusion, Self-employed Health Insurance and Medical Expenses Itemized Deduction
Provide a Revenue Neutral Refundable Credit
Distribution of Federal Tax Change by Cash Income Percentile, 2012 ¹
Summary Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
Lowest Quintile	94.1	5.9	7.3	NA	-808	-6.9	-1.9
Second Quintile	69.6	30.4	1.6	NA	-428	-1.4	9.0
Middle Quintile	47.7	52.3	0.1	NA	-42	-0.1	16.4
Fourth Quintile	38.0	62.0	-0.6	NA	425	0.5	19.4
Top Quintile	29.1	70.9	-0.8	NA	1,641	0.6	25.4
All	59.9	40.1	0.0	NA	9	0.0	20.6
Addendum							
80-90	27.7	72.3	-1.3	NA	1,444	1.0	22.3
90-95	28.9	71.1	-1.0	NA	1,521	0.8	23.3
95-99	31.4	68.6	-0.8	NA	2,162	0.6	25.2
Top 1 Percent	34.2	65.8	-0.2	NA	2,163	0.1	28.9
Top 0.1 Percent	37.6	62.4	0.0	NA	2,285	0.0	31.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

Number of AMT Taxpayers (millions). Baseline: 4.9

Proposal: 5.4

(1) Calendar year. Baseline is the Administration's baseline (extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation). Proposal repeals ESI exclusion, self-employed health insurance deduction and itemized deduction for medical expenses and provides a revenue neutral fully refundable credit to all taxpayers. The credit is equal to \$673 (\$1,346 for married couples) increased by \$336.5 for each dependent under age 17.

(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) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2009 dollars): 20% \$19,957, 40% \$37,919, 60% \$66,635, 80% \$111,847, 90% \$160,851, 95% \$224,521, 99% \$590,626, 99.9% \$2,706,134.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) 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.

(6) 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.

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Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	94.1	5.9	7.3	NA	-808	-137.5	-1.3	-0.3	-6.9	-1.9
Second Quintile	69.6	30.4	1.6	NA	-428	-13.8	-0.6	3.8	-1.4	9.0
Middle Quintile	47.7	52.3	0.1	NA	-42	-0.5	-0.1	11.1	-0.1	16.4
Fourth Quintile	38.0	62.0	-0.6	NA	425	2.5	0.4	18.8	0.5	19.4
Top Quintile	29.1	70.9	-0.8	NA	1,641	2.4	1.5	66.6	0.6	25.4
All	59.9	40.1	0.0	NA	9	0.1	0.0	100.0	0.0	20.6
Addendum										
80-90	27.7	72.3	-1.3	NA	1,444	4.9	0.7	14.8	1.0	22.3
90-95	28.9	71.1	-1.0	NA	1,521	3.4	0.3	10.6	0.8	23.3
95-99	31.4	68.6	-0.8	NA	2,162	2.5	0.4	16.3	0.6	25.2
Top 1 Percent	34.2	65.8	-0.2	NA	2,163	0.4	0.1	24.9	0.1	28.9
Top 0.1 Percent	37.6	62.4	0.0	NA	2,285	0.1	0.0	12.4	0.0	31.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2012 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	39,109	24.9	11,727	587	11,140	5.0	3.7	4.5	0.9
Second Quintile	35,235	22.4	29,685	3,109	26,575	10.5	8.5	9.6	4.4
Middle Quintile	31,797	20.2	53,843	8,856	44,986	16.5	14.0	14.7	11.2
Fourth Quintile	26,816	17.1	91,347	17,256	74,091	18.9	20.0	20.4	18.4
Top Quintile	23,648	15.0	279,733	69,292	210,441	24.8	54.0	51.2	65.1
All	157,316	100.0	77,851	16,013	61,838	20.6	100.0	100.0	100.0
Addendum									
80-90	11,954	7.6	139,760	29,760	110,000	21.3	13.6	13.5	14.1
90-95	5,808	3.7	197,580	44,510	153,070	22.5	9.4	9.1	10.3
95-99	4,701	3.0	346,049	85,001	261,048	24.6	13.3	12.6	15.9
Top 1 Percent	1,185	0.8	1,831,745	527,346	1,304,399	28.8	17.7	15.9	24.8
Top 0.1 Percent	120	0.1	8,392,568	2,614,539	5,778,029	31.2	8.2	7.1	12.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

Number of AMT Taxpayers (millions). Baseline: 4.9

Proposal: 5.4

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Table T09-0466
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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
Detail Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	95.2	4.7	8.3	NA	-903	-696.9	-1.2	-1.0	-8.2	-7.1
Second Quintile	77.0	22.9	2.0	NA	-498	-20.8	-0.6	2.4	-1.8	7.0
Middle Quintile	55.8	44.2	0.6	NA	-227	-3.2	-0.3	8.7	-0.5	14.6
Fourth Quintile	35.4	64.6	-0.8	NA	539	3.6	0.6	18.4	0.7	19.3
Top Quintile	31.6	68.4	-0.7	NA	1,269	2.2	1.5	71.4	0.5	25.2
All	59.9	40.1	0.0	NA	9	0.1	0.0	100.0	0.0	20.6
Addendum										
80-90	29.8	70.2	-1.1	NA	1,060	4.2	0.6	16.1	0.9	22.2
90-95	31.2	68.8	-1.0	NA	1,248	3.3	0.4	12.0	0.7	23.4
95-99	35.0	65.0	-0.8	NA	1,690	2.4	0.4	17.4	0.6	24.9
Top 1 Percent	37.9	62.1	-0.2	NA	1,858	0.4	0.1	25.9	0.1	28.7
Top 0.1 Percent	40.7	59.3	0.0	NA	2,003	0.1	0.0	12.9	0.0	31.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	32,338	20.6	10,962	130	10,832	1.2	2.9	3.6	0.2
Second Quintile	32,399	20.6	27,043	2,393	24,650	8.9	7.2	8.2	3.1
Middle Quintile	31,437	20.0	47,482	7,171	40,310	15.1	12.2	13.0	9.0
Fourth Quintile	30,153	19.2	79,882	14,862	65,019	18.6	19.7	20.2	17.8
Top Quintile	30,278	19.3	236,122	58,134	177,988	24.6	58.4	55.4	69.9
All	157,316	100.0	77,851	16,013	61,838	20.6	100.0	100.0	100.0
Addendum									
80-90	15,269	9.7	119,425	25,442	93,984	21.3	14.9	14.8	15.4
90-95	7,622	4.9	168,851	38,328	130,524	22.7	10.5	10.2	11.6
95-99	5,955	3.8	296,127	71,952	224,175	24.3	14.4	13.7	17.0
Top 1 Percent	1,432	0.9	1,589,334	454,787	1,134,548	28.6	18.6	16.7	25.9
Top 0.1 Percent	142	0.1	7,406,757	2,297,984	5,108,773	31.0	8.6	7.4	12.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

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Proposal: 5.4

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(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) 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.

(6) 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.

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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
Detail Table - Single Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	97.2	2.8	9.1	85.6	-677	-103.9	-1.8	-0.1	-8.4	-0.3
Second Quintile	82.1	17.9	2.7	57.6	-491	-21.5	-1.1	4.5	-2.4	8.6
Middle Quintile	56.8	43.2	0.8	25.8	-237	-4.1	-0.3	12.9	-0.7	15.9
Fourth Quintile	35.3	64.7	-0.7	-26.2	301	2.6	1.0	22.3	0.5	21.0
Top Quintile	35.8	64.2	-0.5	-44.5	622	1.6	2.2	60.3	0.4	25.8
All	66.2	33.8	0.5	100.0	-195	-2.1	0.0	100.0	-0.4	20.3
Addendum										
80-90	32.8	67.2	-0.7	-18.2	480	2.4	0.7	16.2	0.6	23.5
90-95	35.1	64.9	-0.7	-11.4	638	2.2	0.5	11.2	0.5	24.4
95-99	42.9	57.1	-0.6	-12.1	921	1.8	0.6	14.2	0.4	24.7
Top 1 Percent	49.4	50.5	-0.1	-2.9	1,059	0.3	0.5	18.6	0.1	30.7
Top 0.1 Percent	50.8	49.2	0.0	-0.3	1,166	0.1	0.2	9.0	0.0	34.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012 ¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	16,855	24.6	8,088	651	7,437	8.1	4.4	5.1	1.7
Second Quintile	15,642	22.8	20,751	2,282	18,468	11.0	10.5	11.8	5.6
Middle Quintile	14,507	21.2	35,163	5,841	29,322	16.6	16.5	17.3	13.2
Fourth Quintile	11,601	16.9	57,652	11,816	45,836	20.5	21.6	21.7	21.3
Top Quintile	9,540	13.9	153,955	39,127	114,828	25.4	47.4	44.6	58.1
All	68,506	100.0	45,237	9,380	35,857	20.7	100.0	100.0	100.0
Addendum									
80-90	5,053	7.4	86,100	19,716	66,384	22.9	14.0	13.7	15.5
90-95	2,377	3.5	121,430	29,018	92,411	23.9	9.3	8.9	10.7
95-99	1,749	2.6	207,161	50,178	156,983	24.2	11.7	11.2	13.7
Top 1 Percent	362	0.5	1,058,983	323,474	735,509	30.6	12.4	10.8	18.2
Top 0.1 Percent	31	0.1	5,306,728	1,815,167	3,491,562	34.2	5.4	4.4	8.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

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Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	94.9	5.1	10.2	-55.3	-1,450	-1,058.5	-0.6	-0.5	-10.1	-9.1
Second Quintile	81.3	18.7	2.8	-43.6	-892	-31.0	-0.5	1.0	-2.6	5.8
Middle Quintile	60.0	40.0	0.8	-26.1	-417	-4.9	-0.3	5.4	-0.7	13.1
Fourth Quintile	36.3	63.7	-0.8	55.9	659	3.8	0.4	15.9	0.7	18.3
Top Quintile	28.9	71.1	-0.8	171.5	1,608	2.4	1.0	78.1	0.6	24.9
All	51.5	48.5	-0.3	100.0	292	1.1	0.0	100.0	0.2	21.6
Addendum										
80-90	27.4	72.5	-1.3	71.4	1,390	4.9	0.6	16.2	1.0	21.6
90-95	29.0	71.0	-1.0	42.6	1,546	3.6	0.3	12.9	0.8	23.1
95-99	30.9	69.1	-0.8	45.3	2,053	2.5	0.3	19.5	0.6	24.9
Top 1 Percent	33.3	66.7	-0.2	12.2	2,159	0.4	-0.2	29.4	0.1	28.3
Top 0.1 Percent	36.7	63.3	0.0	1.3	2,286	0.1	-0.1	14.4	0.0	30.4

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	Number (thousands)	Percent of Total							
Lowest Quintile	6,836	11.1	14,389	137	14,252	1.0	1.2	1.6	0.1
Second Quintile	8,755	14.3	34,618	2,882	31,736	8.3	3.8	4.5	1.5
Middle Quintile	11,214	18.3	62,026	8,568	53,458	13.8	8.8	9.6	5.7
Fourth Quintile	15,212	24.8	97,768	17,190	80,578	17.6	18.8	19.7	15.5
Top Quintile	19,110	31.1	279,599	68,093	211,506	24.4	67.6	65.0	77.1
All	61,400	100.0	128,766	27,484	101,282	21.3	100.0	100.0	100.0
Addendum									
80-90	9,202	15.0	138,970	28,682	110,288	20.6	16.2	16.3	15.6
90-95	4,942	8.1	192,850	43,001	149,849	22.3	12.1	11.9	12.6
95-99	3,955	6.4	337,574	82,150	255,424	24.3	16.9	16.2	19.3
Top 1 Percent	1,011	1.7	1,756,500	494,364	1,262,135	28.1	22.5	20.5	29.6
Top 0.1 Percent	102	0.2	7,937,859	2,411,526	5,526,333	30.4	10.2	9.1	14.6

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Detail Table - Head of Household Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	92.2	7.8	6.2	154.1	-929	96.2	-6.0	-11.8	-6.6	-13.5
Second Quintile	63.0	37.0	0.3	12.8	-85	-4.3	-0.1	10.7	-0.3	6.0
Middle Quintile	46.2	53.8	-0.2	-10.5	105	1.3	1.5	29.6	0.2	15.4
Fourth Quintile	30.6	69.4	-1.2	-39.8	736	4.9	2.6	32.4	0.9	20.3
Top Quintile	41.5	58.5	-0.6	-17.5	766	1.7	2.1	39.1	0.4	24.6
All	64.9	35.0	0.6	100.0	-203	-3.6	0.0	100.0	-0.5	12.9
Addendum										
80-90	40.3	59.7	-0.8	-10.2	696	2.7	0.9	14.8	0.6	23.2
90-95	38.0	62.0	-0.8	-4.0	945	2.6	0.4	6.0	0.6	23.9
95-99	50.2	49.8	-0.4	-2.6	775	1.2	0.4	8.3	0.3	23.5
Top 1 Percent	44.5	55.5	-0.1	-0.8	1,162	0.3	0.4	10.1	0.1	28.9
Top 0.1 Percent	52.5	47.6	0.0	-0.1	1,183	0.1	0.2	4.7	0.0	31.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	8,355	33.6	13,999	-966	14,965	-6.9	11.3	13.9	-5.8
Second Quintile	7,578	30.5	31,423	1,975	29,448	6.3	22.9	24.8	10.8
Middle Quintile	5,002	20.1	51,564	7,834	43,731	15.2	24.8	24.3	28.2
Fourth Quintile	2,726	11.0	78,373	15,182	63,190	19.4	20.6	19.2	29.7
Top Quintile	1,153	4.6	184,854	44,765	140,089	24.2	20.5	18.0	37.1
All	24,862	100.0	41,756	5,598	36,159	13.4	100.0	100.0	100.0
Addendum									
80-90	740	3.0	115,411	26,060	89,351	22.6	8.2	7.4	13.9
90-95	211	0.9	158,521	36,924	121,597	23.3	3.2	2.9	5.6
95-99	169	0.7	280,025	65,094	214,931	23.3	4.6	4.0	7.9
Top 1 Percent	32	0.1	1,444,013	416,368	1,027,645	28.8	4.5	3.7	9.7
Top 0.1 Percent	3	0.0	6,993,121	2,173,021	4,820,100	31.1	2.0	1.6	4.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

(1) Calendar year. Baseline is the Administration's baseline (extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation). Proposal repeals ESI exclusion, self-employed health insurance deduction and itemized deduction for medical expenses and provides a revenue neutral fully refundable credit to all taxpayers. The credit is equal to \$673 (\$1,346 for married couples) increased by \$336.5 for each dependent under age 17.

(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) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$13,636, 40% \$25,075, 60% \$42,597, 80% \$68,949, 90% \$98,059, 95% \$138,184, 99% \$356,154, 99.9% \$1,639,811.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) 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.

(6) 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.

Table T09-0466
Repeal ESI Exclusion, Self-employed Health Insurance and Medical Expenses Itemized Deduction
Provide a Revenue Neutral Refundable Credit
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
Detail Table - Tax Units with Children

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	90.8	9.2	7.1	-79.9	-1,155	88.8	-1.3	-2.8	-7.7	-16.3
Second Quintile	61.9	38.0	0.7	-16.6	-248	-10.7	-0.3	2.3	-0.7	5.8
Middle Quintile	48.3	51.7	0.1	-3.8	-57	-0.6	-0.2	10.5	-0.1	15.2
Fourth Quintile	24.3	75.7	-1.5	78.4	1,271	6.3	0.9	21.5	1.2	20.2
Top Quintile	18.6	81.4	-1.1	123.6	2,461	3.0	0.9	68.4	0.8	26.4
All	51.2	48.8	-0.4	100.0	317	1.7	0.0	100.0	0.3	20.5
Addendum										
80-90	17.1	82.8	-1.7	55.1	2,117	5.9	0.7	16.1	1.3	23.6
90-95	18.7	81.3	-1.5	30.5	2,528	4.8	0.3	10.9	1.1	24.4
95-99	21.3	78.7	-1.0	30.3	3,109	3.0	0.2	17.0	0.8	26.6
Top 1 Percent	22.1	77.9	-0.2	7.8	3,215	0.5	-0.3	24.5	0.2	29.8
Top 0.1 Percent	27.0	73.0	-0.1	0.8	3,371	0.1	-0.2	11.7	0.0	31.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	10,815	21.9	15,090	-1,302	16,391	-8.6	3.5	4.7	-1.5
Second Quintile	10,484	21.3	35,679	2,312	33,367	6.5	8.0	9.3	2.6
Middle Quintile	10,353	21.0	64,150	9,825	54,325	15.3	14.2	15.0	10.8
Fourth Quintile	9,644	19.6	105,690	20,107	85,584	19.0	21.7	22.0	20.5
Top Quintile	7,855	15.9	316,419	81,191	235,228	25.7	53.0	49.3	67.5
All	49,293	100.0	95,214	19,168	76,046	20.1	100.0	100.0	100.0
Addendum									
80-90	4,070	8.3	160,563	35,769	124,795	22.3	13.9	13.6	15.4
90-95	1,884	3.8	227,342	52,936	174,407	23.3	9.1	8.8	10.6
95-99	1,523	3.1	403,939	104,290	299,649	25.8	13.1	12.2	16.8
Top 1 Percent	378	0.8	2,087,355	618,457	1,468,898	29.6	16.8	14.8	24.7
Top 0.1 Percent	37	0.1	9,762,184	3,048,047	6,714,137	31.2	7.6	6.6	11.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Baseline is the Administration's baseline (extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation). Proposal repeals ESI exclusion, self-employed health insurance deduction and itemized deduction for medical expenses and provides a revenue neutral fully refundable credit to all taxpayers. The credit is equal to \$673 (\$1,346 for married couples) increased by \$336.5 for each dependent under age 17.

(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) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$13,636, 40% \$25,075, 60% \$42,597, 80% \$68,949, 90% \$98,059, 95% \$138,184, 99% \$356,154, 99.9% \$1,639,811.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) 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.

(6) 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.

Table T09-0466
Repeal ESI Exclusion, Self-employed Health Insurance and Medical Expenses Itemized Deduction
Provide a Revenue Neutral Refundable Credit
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
Detail Table - Elderly Tax Units

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	99.1	1.0	8.7	27.5	-910	-255.8	-0.9	-0.5	-8.4	-5.1
Second Quintile	98.3	1.7	3.8	46.2	-845	-92.2	-1.4	0.1	-3.6	0.3
Middle Quintile	93.9	6.1	2.1	31.8	-807	-39.5	-0.9	1.6	-2.0	3.0
Fourth Quintile	72.9	27.1	0.5	13.1	-313	-3.8	-0.1	10.5	-0.4	10.7
Top Quintile	63.3	36.7	-0.2	-18.7	350	0.7	3.3	88.3	0.2	22.4
All	84.3	15.7	0.6	100.0	-455	-3.1	0.0	100.0	-0.5	16.8
Addendum										
80-90	61.6	38.3	-0.2	-3.9	158	0.9	0.5	13.6	0.1	15.7
90-95	66.5	33.5	-0.2	-3.2	243	0.8	0.5	12.2	0.2	18.7
95-99	62.7	37.3	-0.4	-8.9	731	1.3	1.0	22.5	0.3	21.7
Top 1 Percent	65.0	35.0	-0.1	-2.7	850	0.2	1.3	40.0	0.1	28.7
Top 0.1 Percent	66.1	33.9	0.0	-0.2	784	0.0	0.6	19.9	0.0	31.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2012¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	4,167	13.8	10,783	356	10,427	3.3	1.7	2.0	0.3
Second Quintile	7,540	24.9	23,370	916	22,454	3.9	6.8	7.9	1.5
Middle Quintile	5,432	17.9	41,368	2,044	39,324	4.9	8.7	10.0	2.5
Fourth Quintile	5,756	19.0	74,513	8,256	66,256	11.1	16.6	17.8	10.6
Top Quintile	7,378	24.4	232,411	51,629	180,782	22.2	66.3	62.4	85.0
All	30,291	100.0	85,420	14,797	70,622	17.3	100.0	100.0	100.0
Addendum									
80-90	3,435	11.3	109,456	16,979	92,477	15.5	14.5	14.9	13.0
90-95	1,827	6.0	155,369	28,800	126,569	18.5	11.0	10.8	11.7
95-99	1,681	5.6	267,378	57,395	209,983	21.5	17.4	16.5	21.5
Top 1 Percent	434	1.4	1,393,711	399,426	994,285	28.7	23.4	20.2	38.7
Top 0.1 Percent	42	0.1	6,524,092	2,066,189	4,457,902	31.7	10.6	8.7	19.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is the Administration's baseline (extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters; extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation). Proposal repeals ESI exclusion, self-employed health insurance deduction and itemized deduction for medical expenses and provides a revenue neutral fully refundable credit to all taxpayers. The credit is equal to \$673 (\$1,346 for married couples) increased by \$336.5 for each dependent under age 17.

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