

Table T10-0145
Incremental Effects of Extending the 2001 and 2003 Tax Cuts
Tax Qualified Dividends like Long-Term Capital Gains
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 (%) Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	4.6
Second Quintile	2.5	0.0	0.0	0.3	-1	0.0	10.3
Middle Quintile	7.7	0.0	0.0	1.1	-6	0.0	16.6
Fourth Quintile	19.6	0.0	0.0	3.8	-25	0.0	19.6
Top Quintile	43.6	0.0	0.4	94.8	-720	-0.3	26.4
All	11.9	0.0	0.2	100.0	-112	-0.2	21.6
Addendum							
80-90	31.7	0.0	0.1	4.2	-64	-0.1	22.1
90-95	44.5	0.0	0.1	4.8	-148	-0.1	23.3
95-99	63.3	0.0	0.2	15.4	-586	-0.2	25.8
Top 1 Percent	79.4	0.0	0.9	70.4	-10,460	-0.6	31.8
Top 0.1 Percent	85.2	0.0	1.2	42.9	-63,247	-0.8	34.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 3.7

Proposal: 3.8

** This table is part of a series of tables showing the distributional effects of moving incrementally from current law to current policy. For definitions and further information, see "Related Tables: Moving Incrementally from Current Law to Current Policy" at <http://taxpolicycenter.org/numbers/displayatab.cfm?template=simulation&SimID=366>

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC). Policy is taxation of qualified dividends the same as long-term capital gains.

(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% \$19,356, 40% \$37,493, 60% \$65,656, 80% \$111,659, 90% \$161,739, 95% \$226,402, 99% \$599,181, 99.9% \$2,727,123.

(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, 2012 ¹
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	0.0	0.0	0.0	0.0	0	0.0	0.0	0.8	0.0	4.6
Second Quintile	2.5	0.0	0.0	0.3	-1	-0.1	0.0	4.0	0.0	10.3
Middle Quintile	7.7	0.0	0.0	1.1	-6	-0.1	0.1	10.6	0.0	16.6
Fourth Quintile	19.6	0.0	0.0	3.8	-25	-0.1	0.1	17.9	0.0	19.6
Top Quintile	43.6	0.0	0.4	94.8	-720	-1.0	-0.2	66.6	-0.3	26.4
All	11.9	0.0	0.2	100.0	-112	-0.7	0.0	100.0	-0.2	21.6
Addendum										
80-90	31.7	0.0	0.1	4.2	-64	-0.2	0.1	13.8	-0.1	22.1
90-95	44.5	0.0	0.1	4.8	-148	-0.3	0.0	10.1	-0.1	23.3
95-99	63.3	0.0	0.2	15.4	-586	-0.7	0.0	16.0	-0.2	25.8
Top 1 Percent	79.4	0.0	0.9	70.4	-10,460	-1.8	-0.3	26.6	-0.6	31.8
Top 0.1 Percent	85.2	0.0	1.2	42.9	-63,247	-2.1	-0.2	13.5	-0.8	34.8

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	38,450	24.4	11,600	537	11,063	4.6	3.7	4.5	0.8
Second Quintile	34,947	22.2	28,852	2,982	25,871	10.3	8.4	9.6	4.0
Middle Quintile	31,868	20.3	52,224	8,651	43,572	16.6	13.9	14.8	10.6
Fourth Quintile	26,646	16.9	88,978	17,417	71,561	19.6	19.8	20.3	17.8
Top Quintile	23,298	14.8	280,229	74,770	205,459	26.7	54.5	51.1	66.7
All	157,348	100.0	76,169	16,589	59,580	21.8	100.0	100.0	100.0
Addendum									
80-90	11,720	7.5	138,385	30,601	107,784	22.1	13.5	13.5	13.7
90-95	5,734	3.6	196,549	45,977	150,571	23.4	9.4	9.2	10.1
95-99	4,655	3.0	345,574	89,576	255,998	25.9	13.4	12.7	16.0
Top 1 Percent	1,190	0.8	1,825,188	590,725	1,234,463	32.4	18.1	15.7	26.9
Top 0.1 Percent	120	0.1	8,367,274	2,973,779	5,393,495	35.5	8.4	6.9	13.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 3.7

Proposal: 3.8

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC). Policy is taxation of qualified dividends the same as long-term capital gains.

(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

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(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% \$19,356, 40% \$37,493, 60% \$65,656, 80% \$111,659, 90% \$161,739, 95% \$226,402, 99% \$599,181, 99.9% \$2,727,123.

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(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

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	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	1.0
Second Quintile	0.7	0.0	0.0	0.0	0	0.0	0.0	2.8	0.0	8.5
Middle Quintile	5.4	0.0	0.0	0.5	-3	0.0	0.1	8.5	0.0	15.2
Fourth Quintile	16.0	0.0	0.0	2.3	-13	-0.1	0.1	17.1	0.0	19.0
Top Quintile	40.1	0.0	0.3	97.2	-574	-0.9	-0.2	71.4	-0.2	26.3
All	11.9	0.0	0.2	100.0	-112	-0.7	0.0	100.0	-0.2	21.6
Addendum										
80-90	28.2	0.0	0.1	3.6	-42	-0.2	0.1	15.1	0.0	22.2
90-95	41.0	0.0	0.1	4.6	-107	-0.3	0.1	11.4	-0.1	23.5
95-99	60.1	0.0	0.2	16.1	-480	-0.6	0.0	17.2	-0.2	25.6
Top 1 Percent	77.7	0.0	0.8	72.9	-8,972	-1.8	-0.3	27.7	-0.6	31.6
Top 0.1 Percent	84.9	0.0	1.2	44.9	-55,779	-2.2	-0.2	14.0	-0.8	34.5

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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	31,706	20.2	10,935	114	10,821	1.0	2.9	3.7	0.1
Second Quintile	32,349	20.6	26,208	2,226	23,982	8.5	7.1	8.3	2.8
Middle Quintile	31,237	19.9	46,322	7,022	39,300	15.2	12.1	13.1	8.4
Fourth Quintile	29,980	19.1	77,565	14,760	62,806	19.0	19.4	20.1	17.0
Top Quintile	29,936	19.0	235,547	62,438	173,109	26.5	58.8	55.3	71.6
All	157,348	100.0	76,169	16,589	59,580	21.8	100.0	100.0	100.0
Addendum									
80-90	15,019	9.6	117,658	26,101	91,557	22.2	14.7	14.7	15.0
90-95	7,540	4.8	167,170	39,356	127,814	23.5	10.5	10.3	11.4
95-99	5,940	3.8	294,212	75,645	218,567	25.7	14.6	13.9	17.2
Top 1 Percent	1,436	0.9	1,584,726	509,004	1,075,721	32.1	19.0	16.5	28.0
Top 0.1 Percent	142	0.1	7,360,192	2,595,249	4,764,944	35.3	8.7	7.2	14.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 3.7

Proposal: 3.8

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(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% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(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.

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Tax Qualified Dividends like Long-Term Capital Gains
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	0.0	0.0	0.0	0.0	0	0.0	0.0	1.5	0.0	7.1
Second Quintile	1.2	0.0	0.0	0.2	0	0.0	0.0	5.0	0.0	10.7
Middle Quintile	6.3	0.0	0.0	1.5	-4	-0.1	0.1	12.5	0.0	17.1
Fourth Quintile	13.9	0.0	0.0	4.3	-15	-0.1	0.1	20.6	0.0	21.1
Top Quintile	35.3	0.0	0.4	94.1	-386	-0.9	-0.2	60.3	-0.3	27.3
All	8.8	0.0	0.2	100.0	-57	-0.6	0.0	100.0	-0.1	21.8
Addendum										
80-90	24.7	0.0	0.1	5.8	-45	-0.2	0.1	15.5	-0.1	24.0
90-95	37.4	0.0	0.2	7.8	-129	-0.4	0.0	10.8	-0.1	25.2
95-99	55.1	0.0	0.3	19.4	-425	-0.8	0.0	14.5	-0.2	26.1
Top 1 Percent	72.7	0.0	1.0	61.1	-6,661	-1.8	-0.3	19.5	-0.6	33.7
Top 0.1 Percent	80.2	0.0	1.4	35.9	-44,577	-2.2	-0.2	9.4	-0.9	37.2

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	16,972	24.6	8,380	595	7,785	7.1	4.7	5.6	1.5
Second Quintile	15,474	22.5	19,970	2,143	17,828	10.7	10.2	11.7	5.0
Middle Quintile	14,005	20.3	34,261	5,871	28,390	17.1	15.9	16.8	12.4
Fourth Quintile	11,543	16.8	55,833	11,782	44,051	21.1	21.3	21.5	20.5
Top Quintile	9,596	13.9	151,979	41,868	110,111	27.6	48.2	44.8	60.5
All	68,932	100.0	43,878	9,633	34,244	22.0	100.0	100.0	100.0
Addendum									
80-90	5,066	7.4	84,037	20,189	63,848	24.0	14.1	13.7	15.4
90-95	2,373	3.4	119,032	30,125	88,907	25.3	9.3	8.9	10.8
95-99	1,795	2.6	204,548	53,845	150,703	26.3	12.1	11.5	14.6
Top 1 Percent	361	0.5	1,060,631	363,728	696,903	34.3	12.7	10.7	19.8
Top 0.1 Percent	32	0.1	5,243,107	1,996,644	3,246,463	38.1	5.5	4.4	9.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

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(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 T10-0145
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Tax Qualified Dividends like Long-Term Capital Gains
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012¹
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	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.8
Second Quintile	0.1	0.0	0.0	0.0	0	0.0	0.0	1.4	0.0	7.9
Middle Quintile	5.5	0.0	0.0	0.2	-2	0.0	0.0	5.4	0.0	13.6
Fourth Quintile	19.3	0.0	0.0	1.7	-14	-0.1	0.1	14.7	0.0	17.9
Top Quintile	44.0	0.0	0.3	98.1	-683	-0.9	-0.2	78.4	-0.2	26.0
All	19.1	0.0	0.2	100.0	-211	-0.7	0.0	100.0	-0.2	22.5
Addendum										
80-90	31.5	0.0	0.0	3.0	-43	-0.2	0.1	15.1	0.0	21.4
90-95	43.6	0.0	0.1	3.6	-97	-0.2	0.1	12.3	-0.1	22.9
95-99	63.6	0.0	0.2	15.4	-511	-0.6	0.0	19.2	-0.2	25.4
Top 1 Percent	79.9	0.0	0.8	76.2	-9,720	-1.8	-0.3	31.7	-0.6	31.0
Top 0.1 Percent	87.2	0.0	1.2	47.0	-59,522	-2.2	-0.2	15.8	-0.8	34.0

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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	6,622	10.8	14,526	118	14,408	0.8	1.2	1.6	0.0
Second Quintile	8,956	14.6	33,405	2,631	30,774	7.9	3.9	4.6	1.4
Middle Quintile	11,470	18.7	59,671	8,102	51,569	13.6	8.9	9.9	5.3
Fourth Quintile	15,032	24.5	95,023	17,030	77,992	17.9	18.5	19.6	14.6
Top Quintile	18,609	30.3	281,842	73,821	208,021	26.2	67.8	64.7	78.5
All	61,357	100.0	126,020	28,513	97,507	22.6	100.0	100.0	100.0
Addendum									
80-90	8,860	14.4	138,312	29,689	108,623	21.5	15.9	16.1	15.0
90-95	4,843	7.9	192,091	44,162	147,928	23.0	12.0	12.0	12.2
95-99	3,890	6.3	337,723	86,390	251,333	25.6	17.0	16.3	19.2
Top 1 Percent	1,015	1.7	1,748,464	552,293	1,196,171	31.6	23.0	20.3	32.1
Top 0.1 Percent	102	0.2	7,890,377	2,737,991	5,152,387	34.7	10.5	8.8	16.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

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(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 - 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	0.0	0.0	0.0	0.0	0	0.0	0.0	-5.3	0.0	-7.2
Second Quintile	0.3	0.0	0.0	0.1	0	0.0	0.0	9.6	0.0	6.0
Middle Quintile	3.1	0.0	0.0	2.2	-1	0.0	0.1	27.4	0.0	15.3
Fourth Quintile	8.3	0.0	0.0	5.1	-5	0.0	0.1	29.4	0.0	19.7
Top Quintile	21.9	0.0	0.2	92.7	-207	-0.5	-0.1	38.9	-0.1	25.1
All	2.8	0.0	0.0	100.0	-11	-0.2	0.0	100.0	0.0	14.0
Addendum										
80-90	15.1	0.0	0.0	6.9	-24	-0.1	0.0	14.5	0.0	22.9
90-95	26.5	0.0	0.1	6.0	-71	-0.2	0.0	5.9	-0.1	23.5
95-99	38.6	0.0	0.1	15.8	-253	-0.4	0.0	8.1	-0.1	24.0
Top 1 Percent	69.7	0.0	0.6	64.0	-5,371	-1.2	-0.1	10.4	-0.4	31.8
Top 0.1 Percent	75.1	0.0	0.7	34.5	-32,862	-1.3	-0.1	4.9	-0.5	34.7

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	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	7,840	31.9	13,490	-966	14,455	-7.2	10.3	12.9	-5.3
Second Quintile	7,497	30.5	30,617	1,831	28,786	6.0	22.4	24.5	9.6
Middle Quintile	5,095	20.8	50,275	7,687	42,588	15.3	25.0	24.6	27.3
Fourth Quintile	2,777	11.3	76,881	15,156	61,725	19.7	20.8	19.4	29.3
Top Quintile	1,242	5.1	178,521	45,038	133,483	25.2	21.6	18.8	39.0
All	24,547	100.0	41,760	5,844	35,916	14.0	100.0	100.0	100.0
Addendum									
80-90	805	3.3	112,763	25,848	86,915	22.9	8.9	7.9	14.5
90-95	232	0.9	154,893	36,461	118,432	23.5	3.5	3.1	5.9
95-99	173	0.7	278,418	67,017	211,401	24.1	4.7	4.1	8.1
Top 1 Percent	33	0.1	1,423,600	457,656	965,944	32.2	4.6	3.6	10.5
Top 0.1 Percent	3	0.0	6,950,503	2,446,857	4,503,646	35.2	2.0	1.5	5.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC). Policy is taxation of qualified dividends the same as long-term capital gains.

(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% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(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 T10-0145
Incremental Effects of Extending the 2001 and 2003 Tax Cuts
Tax Qualified Dividends like Long-Term Capital Gains
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.0	0.0	0.0	0.0	0	0.0	0.0	-1.3	0.0	-8.9
Second Quintile	0.3	0.0	0.0	0.0	0	0.0	0.0	2.2	0.0	6.1
Middle Quintile	5.7	0.0	0.0	0.5	-2	0.0	0.0	9.9	0.0	15.4
Fourth Quintile	15.4	0.0	0.0	2.3	-10	-0.1	0.1	19.7	0.0	19.4
Top Quintile	42.2	0.0	0.2	97.2	-531	-0.6	-0.1	69.4	-0.2	27.2
All	11.5	0.0	0.1	100.0	-92	-0.5	0.0	100.0	-0.1	21.2
Addendum										
80-90	30.8	0.0	0.0	2.9	-30	-0.1	0.1	15.8	0.0	22.7
90-95	44.1	0.0	0.1	3.4	-78	-0.1	0.0	10.7	0.0	24.0
95-99	63.0	0.0	0.2	15.9	-459	-0.4	0.0	16.9	-0.1	26.9
Top 1 Percent	79.3	0.0	0.7	75.0	-9,114	-1.3	-0.2	26.0	-0.4	33.1
Top 0.1 Percent	85.2	0.0	0.9	45.5	-57,383	-1.6	-0.2	12.5	-0.6	35.1

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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	10,133	20.6	14,723	-1,303	16,026	-8.9	3.2	4.4	-1.3
Second Quintile	10,359	21.1	34,672	2,104	32,568	6.1	7.7	9.1	2.2
Middle Quintile	10,251	20.9	62,298	9,619	52,679	15.4	13.6	14.6	9.9
Fourth Quintile	9,800	19.9	103,142	20,050	83,091	19.4	21.6	22.1	19.6
Top Quintile	8,315	16.9	306,063	83,667	222,396	27.3	54.3	50.1	69.5
All	49,155	100.0	95,419	20,356	75,063	21.3	100.0	100.0	100.0
Addendum									
80-90	4,398	9.0	157,496	35,785	121,711	22.7	14.8	14.5	15.7
90-95	1,976	4.0	224,546	53,964	170,582	24.0	9.5	9.1	10.7
95-99	1,567	3.2	400,356	108,113	292,243	27.0	13.4	12.4	16.9
Top 1 Percent	374	0.8	2,088,455	701,144	1,387,310	33.6	16.7	14.1	26.2
Top 0.1 Percent	36	0.1	9,839,694	3,515,082	6,324,612	35.7	7.6	6.2	12.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

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

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC). Policy is taxation of qualified dividends the same as long-term capital gains.

(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

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(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% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(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 T10-0145
Incremental Effects of Extending the 2001 and 2003 Tax Cuts
Tax Qualified Dividends like Long-Term Capital Gains
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 ¹
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	0.0	0.0	0.0	0.0	0	0.0	0.0	0.3	0.0	2.5
Second Quintile	1.0	0.0	0.0	0.1	0	-0.1	0.0	1.7	0.0	3.9
Middle Quintile	6.7	0.0	0.0	0.4	-6	-0.2	0.1	3.5	0.0	6.2
Fourth Quintile	29.8	0.0	0.1	2.4	-34	-0.4	0.1	10.3	-0.1	11.5
Top Quintile	62.4	0.0	0.7	97.1	-1,320	-2.0	-0.2	84.2	-0.5	25.2
All	18.4	0.0	0.4	100.0	-250	-1.7	0.0	100.0	-0.3	18.7
Addendum										
80-90	52.3	0.0	0.2	4.5	-141	-0.8	0.1	9.9	-0.1	16.8
90-95	63.6	0.0	0.3	5.9	-330	-1.1	0.1	9.5	-0.2	19.7
95-99	73.3	0.0	0.5	17.8	-975	-1.5	0.1	20.7	-0.4	24.0
Top 1 Percent	79.9	0.0	1.3	68.9	-12,140	-2.7	-0.4	44.1	-0.9	31.5
Top 0.1 Percent	86.8	0.0	1.8	40.9	-73,727	-3.2	-0.3	22.2	-1.1	34.7

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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	5,016	16.4	10,899	271	10,628	2.5	2.4	2.9	0.3
Second Quintile	8,213	26.9	22,528	871	21,657	3.9	8.0	9.5	1.6
Middle Quintile	5,981	19.6	41,094	2,534	38,560	6.2	10.6	12.3	3.4
Fourth Quintile	5,495	18.0	70,238	8,133	62,105	11.6	16.7	18.2	10.2
Top Quintile	5,617	18.4	257,048	66,183	190,865	25.8	62.4	57.2	84.4
All	30,543	100.0	75,737	14,421	61,317	19.0	100.0	100.0	100.0
Addendum									
80-90	2,427	8.0	105,444	17,813	87,631	16.9	11.1	11.4	9.8
90-95	1,362	4.5	153,103	30,408	122,695	19.9	9.0	8.9	9.4
95-99	1,394	4.6	267,882	65,257	202,624	24.4	16.1	15.1	20.7
Top 1 Percent	434	1.4	1,396,961	452,162	944,799	32.4	26.2	21.9	44.5
Top 0.1 Percent	42	0.1	6,520,091	2,334,771	4,185,320	35.8	12.0	9.5	22.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

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

(1) Calendar year. Baseline is current law plus a permanent AMT patch at 2009 levels, indexed for inflation; extension of low- and middle-income tax cuts (extend the 10, 25, and 28 percent rates; set the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to double those for singles; raise the EITC phaseout threshold for couples filing jointly; and extend expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC). Policy is taxation of qualified dividends the same as long-term capital gains.

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