

Table T10-0264
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2011¹
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 | 69.8 | 0.0 | 3.7 | 3.1 | -355 | -3.5 | 1.2 |
| Second Quintile | 84.5 | 0.0 | 4.6 | 8.4 | -1,062 | -4.1 | 7.4 |
| Middle Quintile | 94.6 | 0.0 | 4.4 | 12.5 | -1,749 | -3.7 | 13.9 |
| Fourth Quintile | 99.3 | 0.0 | 4.9 | 19.2 | -3,231 | -3.9 | 17.7 |
| Top Quintile | 99.6 | 0.0 | 5.6 | 56.6 | -10,838 | -4.1 | 23.8 |
| All | 87.3 | 0.0 | 5.2 | 100.0 | -2,835 | -4.0 | 19.2 |
| Addendum | | | | | | | |
| 80-90 | 99.5 | 0.0 | 5.8 | 15.6 | -5,924 | -4.4 | 19.9 |
| 90-95 | 99.9 | 0.0 | 5.5 | 9.9 | -7,753 | -4.1 | 21.8 |
| 95-99 | 99.6 | 0.0 | 4.8 | 12.3 | -11,724 | -3.5 | 23.7 |
| Top 1 Percent | 99.7 | 0.0 | 6.3 | 18.9 | -70,802 | -4.3 | 28.0 |
| Top 0.1 Percent | 99.8 | 0.0 | 7.3 | 9.7 | -360,469 | -4.7 | 30.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

Number of AMT Taxpayers (millions). Baseline: 17.0

Proposal: 4.7

(1) Baseline is current law. Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$72,450 for joint filers (\$47,450 for others) and allows personal non-refundable credits regardless of tentative AMT; and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 17878, 40% 34929, 60% 64051, 80% 104588, 90% 168991, 95% 212858, 99% 564605, 99.9% 2378493.

(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 T10-0264
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2011¹
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 | 69.8 | 0.0 | 3.7 | 3.1 | -355 | -75.1 | -0.5 | 0.2 | -3.5 | 1.2 |
| Second Quintile | 84.5 | 0.0 | 4.6 | 8.4 | -1,062 | -35.6 | -0.9 | 3.1 | -4.1 | 7.4 |
| Middle Quintile | 94.6 | 0.0 | 4.4 | 12.5 | -1,749 | -20.8 | -0.5 | 9.8 | -3.7 | 13.9 |
| Fourth Quintile | 99.3 | 0.0 | 4.9 | 19.2 | -3,231 | -18.0 | -0.2 | 18.2 | -3.9 | 17.7 |
| Top Quintile | 99.6 | 0.0 | 5.6 | 56.6 | -10,838 | -14.6 | 2.0 | 68.5 | -4.1 | 23.8 |
| All | 87.3 | 0.0 | 5.2 | 100.0 | -2,835 | -17.1 | 0.0 | 100.0 | -4.0 | 19.2 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.5 | 0.0 | 5.8 | 15.6 | -5,924 | -18.0 | -0.2 | 14.7 | -4.4 | 19.9 |
| 90-95 | 99.9 | 0.0 | 5.5 | 9.9 | -7,753 | -15.7 | 0.2 | 11.0 | -4.1 | 21.8 |
| 95-99 | 99.6 | 0.0 | 4.8 | 12.3 | -11,724 | -12.8 | 0.9 | 17.2 | -3.5 | 23.7 |
| Top 1 Percent | 99.7 | 0.0 | 6.3 | 18.9 | -70,802 | -13.2 | 1.2 | 25.5 | -4.3 | 28.0 |
| Top 0.1 Percent | 99.8 | 0.0 | 7.3 | 9.7 | -360,469 | -13.3 | 0.6 | 13.1 | -4.7 | 30.8 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2011¹

| 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 | 38,689 | 24.9 | 10,104 | 473 | 9,631 | 4.7 | 3.5 | 4.4 | 0.7 |
| Second Quintile | 34,791 | 22.4 | 26,055 | 2,979 | 23,076 | 11.4 | 8.2 | 9.4 | 4.0 |
| Middle Quintile | 31,468 | 20.3 | 47,861 | 8,412 | 39,449 | 17.6 | 13.6 | 14.6 | 10.3 |
| Fourth Quintile | 26,224 | 16.9 | 83,492 | 18,005 | 65,487 | 21.6 | 19.7 | 20.2 | 18.4 |
| Top Quintile | 23,017 | 14.8 | 266,653 | 74,230 | 192,423 | 27.8 | 55.3 | 52.0 | 66.4 |
| All | 155,368 | 100.0 | 71,397 | 16,550 | 54,847 | 23.2 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| 80-90 | 11,632 | 7.5 | 135,387 | 32,899 | 102,488 | 24.3 | 14.2 | 14.0 | 14.9 |
| 90-95 | 5,600 | 3.6 | 191,302 | 49,534 | 141,769 | 25.9 | 9.7 | 9.3 | 10.8 |
| 95-99 | 4,610 | 3.0 | 335,472 | 91,321 | 244,151 | 27.2 | 13.9 | 13.2 | 16.4 |
| Top 1 Percent | 1,173 | 0.8 | 1,657,208 | 534,688 | 1,122,520 | 32.3 | 17.5 | 15.5 | 24.4 |
| Top 0.1 Percent | 118 | 0.1 | 7,645,482 | 2,717,009 | 4,928,474 | 35.5 | 8.2 | 6.9 | 12.5 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

Number of AMT Taxpayers (millions). Baseline: 17.0

Proposal: 4.7

(1) Baseline is current law. Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$72,450 for joint filers (\$47,450 for others) and allows personal non-refundable credits regardless of tentative AMT; and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 17878, 40% 34929, 60% 64051, 80% 104588, 90% 168991, 95% 212858, 99% 564605, 99.9% 2378493.

(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 T10-0264
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
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 | 73.4 | 0.0 | 5.4 | 3.7 | -507 | -440.7 | -0.7 | -0.6 | -5.4 | -4.2 |
| Second Quintile | 78.5 | 0.0 | 5.0 | 7.8 | -1,062 | -44.9 | -1.0 | 2.0 | -4.5 | 5.5 |
| Middle Quintile | 90.3 | 0.0 | 4.5 | 11.3 | -1,610 | -22.6 | -0.6 | 8.1 | -3.8 | 13.0 |
| Fourth Quintile | 98.7 | 0.0 | 4.8 | 18.5 | -2,748 | -18.3 | -0.2 | 17.1 | -3.8 | 16.9 |
| Top Quintile | 99.4 | 0.0 | 5.4 | 58.5 | -8,864 | -14.2 | 2.5 | 73.4 | -3.9 | 23.7 |
| All | 87.3 | 0.0 | 5.2 | 100.0 | -2,835 | -17.1 | 0.0 | 100.0 | -4.0 | 19.2 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.3 | 0.0 | 5.3 | 15.1 | -4,538 | -16.3 | 0.2 | 16.0 | -4.0 | 20.4 |
| 90-95 | 99.6 | 0.0 | 5.1 | 10.5 | -6,382 | -15.1 | 0.3 | 12.2 | -3.8 | 21.5 |
| 95-99 | 99.5 | 0.0 | 4.7 | 13.0 | -9,828 | -12.6 | 1.0 | 18.6 | -3.4 | 23.6 |
| Top 1 Percent | 99.3 | 0.0 | 6.4 | 20.0 | -61,825 | -13.4 | 1.1 | 26.7 | -4.3 | 27.8 |
| Top 0.1 Percent | 99.6 | 0.0 | 7.3 | 10.1 | -315,314 | -13.4 | 0.6 | 13.6 | -4.7 | 30.7 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

| 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 | 32,088 | 20.7 | 9,444 | 115 | 9,329 | 1.2 | 2.7 | 3.5 | 0.1 |
| Second Quintile | 32,356 | 20.8 | 23,627 | 2,365 | 21,263 | 10.0 | 6.9 | 8.1 | 3.0 |
| Middle Quintile | 31,037 | 20.0 | 42,612 | 7,135 | 35,477 | 16.7 | 11.9 | 12.9 | 8.6 |
| Fourth Quintile | 29,612 | 19.1 | 72,730 | 15,023 | 57,708 | 20.7 | 19.4 | 20.1 | 17.3 |
| Top Quintile | 29,097 | 18.7 | 226,371 | 62,578 | 163,793 | 27.6 | 59.4 | 55.9 | 70.8 |
| All | 155,368 | 100.0 | 71,397 | 16,550 | 54,847 | 23.2 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| 80-90 | 14,625 | 9.4 | 113,950 | 27,798 | 86,152 | 24.4 | 15.0 | 14.8 | 15.8 |
| 90-95 | 7,225 | 4.7 | 166,290 | 42,208 | 124,082 | 25.4 | 10.8 | 10.5 | 11.9 |
| 95-99 | 5,819 | 3.8 | 287,908 | 77,753 | 210,156 | 27.0 | 15.1 | 14.4 | 17.6 |
| Top 1 Percent | 1,427 | 0.9 | 1,431,713 | 460,251 | 971,461 | 32.2 | 18.4 | 16.3 | 25.5 |
| Top 0.1 Percent | 142 | 0.1 | 6,661,061 | 2,359,201 | 4,301,860 | 35.4 | 8.5 | 7.2 | 13.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

Number of AMT Taxpayers (millions). Baseline: 17.0

Proposal: 4.7

(1) Baseline is current law. Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$72,450 for joint filers (\$47,450 for others) and allows personal non-refundable credits regardless of tentative AMT; and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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 T10-0264
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
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 | 68.2 | 0.0 | 3.0 | 3.6 | -200 | -39.1 | -0.4 | 1.0 | -2.8 | 4.3 |
| Second Quintile | 68.5 | 0.0 | 2.8 | 7.4 | -454 | -22.2 | -0.4 | 4.8 | -2.5 | 8.8 |
| Middle Quintile | 89.7 | 0.0 | 3.6 | 13.5 | -931 | -16.5 | -0.1 | 12.6 | -2.9 | 14.9 |
| Fourth Quintile | 98.2 | 0.0 | 3.7 | 16.7 | -1,478 | -13.2 | 0.5 | 20.2 | -2.9 | 18.7 |
| Top Quintile | 99.0 | 0.0 | 6.0 | 58.6 | -6,176 | -15.0 | 0.4 | 61.2 | -4.3 | 24.2 |
| All | 81.4 | 0.0 | 4.6 | 100.0 | -1,425 | -15.6 | 0.0 | 100.0 | -3.5 | 19.2 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.1 | 0.0 | 4.6 | 15.4 | -2,797 | -13.6 | 0.4 | 18.1 | -3.5 | 22.0 |
| 90-95 | 98.9 | 0.0 | 5.1 | 7.6 | -4,288 | -14.5 | 0.1 | 8.2 | -3.8 | 22.2 |
| 95-99 | 98.9 | 0.0 | 5.8 | 14.9 | -8,207 | -15.4 | 0.0 | 15.1 | -4.2 | 23.0 |
| Top 1 Percent | 99.4 | 0.0 | 8.7 | 20.7 | -52,394 | -16.2 | -0.2 | 19.7 | -5.7 | 29.2 |
| Top 0.1 Percent | 99.1 | 0.0 | 9.1 | 8.6 | -249,555 | -14.4 | 0.1 | 9.5 | -5.6 | 33.2 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

| 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 | 17,342 | 25.6 | 7,211 | 511 | 6,699 | 7.1 | 4.6 | 5.5 | 1.4 |
| Second Quintile | 15,774 | 23.2 | 18,097 | 2,045 | 16,052 | 11.3 | 10.5 | 12.0 | 5.2 |
| Middle Quintile | 14,041 | 20.7 | 31,607 | 5,643 | 25,965 | 17.9 | 16.3 | 17.3 | 12.8 |
| Fourth Quintile | 10,941 | 16.1 | 51,701 | 11,162 | 40,539 | 21.6 | 20.7 | 21.0 | 19.7 |
| Top Quintile | 9,181 | 13.5 | 144,174 | 41,083 | 103,091 | 28.5 | 48.5 | 44.8 | 60.8 |
| All | 67,885 | 100.0 | 40,235 | 9,143 | 31,092 | 22.7 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| 80-90 | 5,333 | 7.9 | 80,855 | 20,596 | 60,259 | 25.5 | 15.8 | 15.2 | 17.7 |
| 90-95 | 1,706 | 2.5 | 114,052 | 29,555 | 84,497 | 25.9 | 7.1 | 6.8 | 8.1 |
| 95-99 | 1,760 | 2.6 | 195,574 | 53,190 | 142,383 | 27.2 | 12.6 | 11.9 | 15.1 |
| Top 1 Percent | 382 | 0.6 | 925,225 | 322,567 | 602,658 | 34.9 | 13.0 | 10.9 | 19.9 |
| Top 0.1 Percent | 33 | 0.1 | 4,471,123 | 1,735,249 | 2,735,875 | 38.8 | 5.5 | 4.3 | 9.3 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

(1) Baseline is current law. Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$72,450 for joint filers (\$47,450 for others) and allows personal non-refundable credits regardless of tentative AMT; and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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 T10-0264
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
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 | 67.5 | 0.0 | 6.3 | 1.7 | -756 | -314.0 | -0.3 | -0.2 | -6.2 | -4.2 |
| Second Quintile | 80.6 | 0.0 | 6.1 | 4.9 | -1,643 | -53.6 | -0.7 | 0.9 | -5.4 | 4.7 |
| Middle Quintile | 87.4 | 0.0 | 4.8 | 8.8 | -2,244 | -26.1 | -0.6 | 4.9 | -4.1 | 11.5 |
| Fourth Quintile | 98.9 | 0.0 | 5.1 | 19.0 | -3,620 | -20.5 | -0.7 | 14.7 | -4.1 | 15.9 |
| Top Quintile | 99.6 | 0.0 | 5.3 | 65.4 | -10,400 | -14.0 | 2.4 | 79.6 | -3.9 | 23.6 |
| All | 90.7 | 0.0 | 5.3 | 100.0 | -4,791 | -16.6 | 0.0 | 100.0 | -4.0 | 20.2 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.5 | 0.0 | 5.6 | 16.5 | -5,794 | -17.6 | -0.2 | 15.3 | -4.2 | 19.8 |
| 90-95 | 99.8 | 0.0 | 5.2 | 12.8 | -7,163 | -15.4 | 0.2 | 14.0 | -3.9 | 21.4 |
| 95-99 | 99.7 | 0.0 | 4.4 | 14.1 | -10,767 | -12.0 | 1.1 | 20.6 | -3.2 | 23.8 |
| Top 1 Percent | 99.3 | 0.0 | 5.9 | 22.0 | -64,930 | -12.9 | 1.3 | 29.6 | -4.1 | 27.4 |
| Top 0.1 Percent | 99.8 | 0.0 | 7.1 | 11.5 | -334,586 | -13.3 | 0.6 | 14.9 | -4.6 | 30.2 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

| 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 | 6,595 | 10.9 | 12,228 | 241 | 11,987 | 2.0 | 1.1 | 1.4 | 0.1 |
| Second Quintile | 8,716 | 14.3 | 30,188 | 3,067 | 27,121 | 10.2 | 3.6 | 4.3 | 1.5 |
| Middle Quintile | 11,411 | 18.8 | 55,037 | 8,597 | 46,439 | 15.6 | 8.7 | 9.6 | 5.6 |
| Fourth Quintile | 15,305 | 25.2 | 88,301 | 17,693 | 70,608 | 20.0 | 18.6 | 19.7 | 15.4 |
| Top Quintile | 18,319 | 30.1 | 270,257 | 74,098 | 196,158 | 27.4 | 68.3 | 65.4 | 77.2 |
| All | 60,792 | 100.0 | 119,298 | 28,909 | 90,389 | 24.2 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| 80-90 | 8,305 | 13.7 | 137,135 | 32,882 | 104,253 | 24.0 | 15.7 | 15.8 | 15.5 |
| 90-95 | 5,212 | 8.6 | 184,390 | 46,650 | 137,740 | 25.3 | 13.3 | 13.1 | 13.8 |
| 95-99 | 3,817 | 6.3 | 332,882 | 90,002 | 242,880 | 27.0 | 17.5 | 16.9 | 19.6 |
| Top 1 Percent | 985 | 1.6 | 1,604,062 | 505,137 | 1,098,925 | 31.5 | 21.8 | 19.7 | 28.3 |
| Top 0.1 Percent | 100 | 0.2 | 7,259,778 | 2,524,186 | 4,735,592 | 34.8 | 10.0 | 8.6 | 14.3 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

(1) Baseline is current law. Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$72,450 for joint filers (\$47,450 for others) and allows personal non-refundable credits regardless of tentative AMT; and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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 T10-0264
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
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 | 89.5 | 0.0 | 7.6 | 17.2 | -983 | 110.6 | -10.3 | -15.2 | -8.1 | -15.5 |
| Second Quintile | 96.1 | 0.0 | 6.5 | 27.6 | -1,672 | -78.6 | -7.6 | 3.5 | -6.0 | 1.6 |
| Middle Quintile | 97.8 | 0.0 | 5.5 | 22.8 | -2,086 | -26.3 | 2.2 | 29.7 | -4.5 | 12.7 |
| Fourth Quintile | 99.6 | 0.0 | 5.3 | 18.5 | -3,054 | -19.2 | 5.6 | 36.0 | -4.2 | 17.5 |
| Top Quintile | 98.5 | 0.0 | 4.3 | 13.8 | -5,556 | -12.2 | 10.2 | 46.0 | -3.2 | 23.0 |
| All | 94.6 | 0.0 | 5.8 | 100.0 | -1,864 | -31.7 | 0.0 | 100.0 | -4.9 | 10.6 |
| Addendum | | | | | | | | | | |
| 80-90 | 98.0 | 0.0 | 4.4 | 5.3 | -3,458 | -13.6 | 3.3 | 15.5 | -3.3 | 21.0 |
| 90-95 | 99.0 | 0.0 | 4.1 | 2.6 | -4,819 | -12.5 | 1.8 | 8.4 | -3.1 | 21.7 |
| 95-99 | 99.8 | 0.0 | 3.3 | 2.4 | -6,713 | -10.1 | 2.3 | 9.7 | -2.5 | 22.1 |
| Top 1 Percent | 99.9 | 0.0 | 5.6 | 3.6 | -49,897 | -11.9 | 2.8 | 12.4 | -3.8 | 28.2 |
| Top 0.1 Percent | 99.9 | 0.0 | 6.7 | 1.9 | -266,971 | -12.3 | 1.4 | 6.2 | -4.3 | 30.7 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

| 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 | 7,887 | 32.6 | 12,078 | -889 | 12,967 | -7.4 | 10.3 | 13.1 | -4.9 |
| Second Quintile | 7,431 | 30.7 | 27,805 | 2,128 | 25,676 | 7.7 | 22.4 | 24.5 | 11.1 |
| Middle Quintile | 4,933 | 20.4 | 45,998 | 7,926 | 38,072 | 17.2 | 24.6 | 24.1 | 27.5 |
| Fourth Quintile | 2,725 | 11.3 | 73,336 | 15,896 | 57,440 | 21.7 | 21.7 | 20.1 | 30.5 |
| Top Quintile | 1,120 | 4.6 | 173,732 | 45,439 | 128,293 | 26.2 | 21.1 | 18.5 | 35.8 |
| All | 24,178 | 100.0 | 38,105 | 5,883 | 32,222 | 15.4 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| 80-90 | 690 | 2.9 | 104,431 | 25,352 | 79,079 | 24.3 | 7.8 | 7.0 | 12.3 |
| 90-95 | 240 | 1.0 | 155,901 | 38,694 | 117,208 | 24.8 | 4.1 | 3.6 | 6.5 |
| 95-99 | 158 | 0.7 | 269,398 | 66,367 | 203,032 | 24.6 | 4.6 | 4.1 | 7.4 |
| Top 1 Percent | 33 | 0.1 | 1,312,435 | 420,114 | 892,322 | 32.0 | 4.6 | 3.7 | 9.6 |
| Top 0.1 Percent | 3 | 0.0 | 6,172,273 | 2,164,356 | 4,007,916 | 35.1 | 2.1 | 1.6 | 4.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

(1) Baseline is current law. Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$72,450 for joint filers (\$47,450 for others) and allows personal non-refundable credits regardless of tentative AMT; and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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 T10-0264
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
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 | 93.3 | 0.0 | 8.7 | 5.9 | -1,214 | 111.0 | -1.8 | -2.9 | -9.4 | -17.9 |
| Second Quintile | 99.2 | 0.0 | 8.1 | 11.3 | -2,339 | -86.9 | -2.2 | 0.4 | -7.4 | 1.1 |
| Middle Quintile | 99.6 | 0.0 | 6.3 | 14.0 | -2,973 | -28.4 | -1.0 | 9.2 | -5.2 | 13.0 |
| Fourth Quintile | 99.9 | 0.0 | 6.5 | 22.1 | -4,816 | -22.8 | -0.6 | 19.4 | -5.1 | 17.2 |
| Top Quintile | 99.9 | 0.0 | 5.7 | 46.6 | -11,830 | -14.1 | 5.6 | 73.8 | -4.0 | 24.6 |
| All | 98.1 | 0.0 | 6.3 | 100.0 | -4,345 | -20.6 | 0.0 | 100.0 | -4.8 | 18.6 |
| Addendum | | | | | | | | | | |
| 80-90 | 100.0 | 0.0 | 6.2 | 15.2 | -7,345 | -17.9 | 0.6 | 18.0 | -4.6 | 21.0 |
| 90-95 | 100.0 | 0.0 | 5.5 | 8.2 | -8,482 | -15.6 | 0.7 | 11.6 | -4.1 | 22.0 |
| 95-99 | 99.8 | 0.0 | 4.2 | 8.8 | -12,094 | -10.7 | 2.1 | 19.0 | -3.0 | 25.2 |
| Top 1 Percent | 99.8 | 0.0 | 6.5 | 14.4 | -81,296 | -12.9 | 2.2 | 25.2 | -4.3 | 29.1 |
| Top 0.1 Percent | 99.9 | 0.0 | 7.2 | 7.1 | -416,504 | -12.9 | 1.1 | 12.4 | -4.6 | 31.3 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

| 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 | 10,310 | 21.1 | 12,926 | -1,093 | 14,019 | -8.5 | 3.0 | 4.3 | -1.1 |
| Second Quintile | 10,241 | 20.9 | 31,439 | 2,691 | 28,748 | 8.6 | 7.3 | 8.7 | 2.7 |
| Middle Quintile | 10,011 | 20.5 | 57,698 | 10,470 | 47,228 | 18.2 | 13.1 | 14.0 | 10.2 |
| Fourth Quintile | 9,734 | 19.9 | 95,141 | 21,132 | 74,010 | 22.2 | 21.0 | 21.4 | 19.9 |
| Top Quintile | 8,370 | 17.1 | 293,509 | 84,034 | 209,475 | 28.6 | 55.8 | 52.0 | 68.2 |
| All | 48,902 | 100.0 | 90,027 | 21,096 | 68,931 | 23.4 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| 80-90 | 4,384 | 9.0 | 159,819 | 40,977 | 118,842 | 25.6 | 15.9 | 15.5 | 17.4 |
| 90-95 | 2,061 | 4.2 | 208,624 | 54,446 | 154,178 | 26.1 | 9.8 | 9.4 | 10.9 |
| 95-99 | 1,548 | 3.2 | 398,512 | 112,596 | 285,916 | 28.3 | 14.0 | 13.1 | 16.9 |
| Top 1 Percent | 377 | 0.8 | 1,883,158 | 629,925 | 1,253,233 | 33.5 | 16.1 | 14.0 | 23.0 |
| Top 0.1 Percent | 36 | 0.1 | 8,972,972 | 3,222,996 | 5,749,976 | 35.9 | 7.4 | 6.2 | 11.3 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

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

(1) Baseline is current law. Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$72,450 for joint filers (\$47,450 for others) and allows personal non-refundable credits regardless of tentative AMT; and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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 T10-0264
Reported Tax Agreement between Administration and Congressional Republicans
Baseline: Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011¹
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 | 17.4 | 0.0 | 0.6 | 0.3 | -55 | -25.8 | 0.0 | 0.2 | -0.6 | 1.7 |
| Second Quintile | 33.8 | 0.0 | 0.8 | 1.8 | -161 | -21.1 | -0.1 | 1.4 | -0.8 | 3.0 |
| Middle Quintile | 60.3 | 0.0 | 1.5 | 4.6 | -541 | -23.0 | -0.2 | 3.2 | -1.4 | 4.8 |
| Fourth Quintile | 95.2 | 0.0 | 2.5 | 11.3 | -1,490 | -18.7 | -0.2 | 10.3 | -2.2 | 9.7 |
| Top Quintile | 98.0 | 0.0 | 6.0 | 82.0 | -10,527 | -16.8 | 0.5 | 84.9 | -4.4 | 21.8 |
| All | 60.4 | 0.0 | 4.2 | 100.0 | -2,442 | -17.3 | 0.0 | 100.0 | -3.4 | 16.2 |
| Addendum | | | | | | | | | | |
| 80-90 | 97.2 | 0.0 | 4.3 | 11.5 | -3,535 | -19.3 | -0.3 | 10.1 | -3.5 | 14.6 |
| 90-95 | 98.3 | 0.0 | 4.7 | 11.5 | -5,690 | -17.2 | 0.0 | 11.6 | -3.7 | 17.7 |
| 95-99 | 98.9 | 0.0 | 5.8 | 21.7 | -11,234 | -17.1 | 0.0 | 22.0 | -4.4 | 21.0 |
| Top 1 Percent | 98.3 | 0.0 | 7.7 | 37.2 | -65,204 | -15.9 | 0.7 | 41.2 | -5.2 | 27.5 |
| Top 0.1 Percent | 99.6 | 0.0 | 8.3 | 17.4 | -307,562 | -14.7 | 0.7 | 21.2 | -5.3 | 30.9 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2011¹

| 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 | 4,506 | 15.2 | 9,360 | 214 | 9,146 | 2.3 | 2.0 | 2.4 | 0.2 |
| Second Quintile | 7,883 | 26.6 | 20,279 | 765 | 19,514 | 3.8 | 7.5 | 8.9 | 1.4 |
| Middle Quintile | 6,115 | 20.6 | 37,583 | 2,355 | 35,228 | 6.3 | 10.7 | 12.5 | 3.4 |
| Fourth Quintile | 5,492 | 18.5 | 66,892 | 7,973 | 58,919 | 11.9 | 17.1 | 18.8 | 10.5 |
| Top Quintile | 5,641 | 19.0 | 238,549 | 62,604 | 175,944 | 26.2 | 62.8 | 57.6 | 84.4 |
| All | 29,671 | 100.0 | 72,226 | 14,109 | 58,117 | 19.5 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| 80-90 | 2,365 | 8.0 | 101,108 | 18,328 | 82,780 | 18.1 | 11.2 | 11.4 | 10.4 |
| 90-95 | 1,463 | 4.9 | 154,859 | 33,069 | 121,789 | 21.4 | 10.6 | 10.3 | 11.6 |
| 95-99 | 1,400 | 4.7 | 258,158 | 65,526 | 192,632 | 25.4 | 16.9 | 15.6 | 21.9 |
| Top 1 Percent | 414 | 1.4 | 1,253,756 | 410,238 | 843,518 | 32.7 | 24.2 | 20.2 | 40.5 |
| Top 0.1 Percent | 41 | 0.1 | 5,790,192 | 2,098,889 | 3,691,303 | 36.3 | 11.1 | 8.8 | 20.5 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

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

(1) Baseline is current law. Proposal extends all 2001 and 2003 individual income tax cuts; reduces the OASDI tax rate on employees to 4.2%; increases AMT exemption to \$72,450 for joint filers (\$47,450 for others) and allows personal non-refundable credits regardless of tentative AMT; and extends the following provisions: \$3,000 unindexed threshold for the refundable child tax credit; the \$5,000 (indexed for inflation after 2009) increase in the earned income tax credit plateau and the 45-percent credit rate for families with three or more qualifying children; the American Opportunity Tax Credit for education expenses; the above the line deduction for education expenses; the educator expense deduction; the additional standard deduction for real estate taxes; and the deduction for state and local general sales taxes. The proposal sets the effective exemption for the estate tax at \$5 million with a rate of 35 percent.

(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% 12032, 40% 23094, 60% 39707, 80% 67084, 90% 97696, 95% 137553, 99% 353093, 99.9% 1429554.

(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.