

Table T11-0025
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile, 2013¹
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	8.9	13.2	0.1	-0.3	-10	-0.1	2.8
Second Quintile	20.0	22.9	0.2	-1.3	-44	-0.2	9.6
Middle Quintile	23.7	32.5	0.1	-1.1	-42	-0.1	16.3
Fourth Quintile	23.1	46.9	-0.1	1.4	65	0.1	19.5
Top Quintile	20.0	65.5	-2.4	101.1	5,325	1.8	27.8
All	18.4	32.8	-1.3	100.0	782	1.0	22.3
Addendum							
80-90	17.1	60.8	-0.2	2.2	231	0.2	22.2
90-95	25.2	63.0	-0.2	1.6	346	0.2	23.5
95-99	25.2	72.5	-1.3	13.6	3,602	1.0	26.5
Top 1 Percent	2.7	97.0	-6.3	83.7	87,285	4.4	34.9
Top 0.1 Percent	0.1	99.9	-7.9	46.1	472,806	5.2	38.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Number of AMT Taxpayers (millions). Baseline: 5.2

Proposal: 3.7

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

(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% 19,829, 40% 38,180, 60% 66,963, 80% 114,669, 90% 167,030, 95% 236,580, 99% 643,739, 99.9% 2,961,299.

(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	8.9	13.2	0.1	-0.3	-10	-2.9	0.0	0.5	-0.1	2.8
Second Quintile	20.0	22.9	0.2	-1.3	-44	-1.5	-0.2	3.6	-0.2	9.6
Middle Quintile	23.7	32.5	0.1	-1.1	-42	-0.5	-0.5	9.9	-0.1	16.3
Fourth Quintile	23.1	46.9	-0.1	1.4	65	0.4	-0.7	17.0	0.1	19.5
Top Quintile	20.0	65.5	-2.4	101.1	5,325	6.9	1.5	68.9	1.8	27.8
All	18.4	32.8	-1.3	100.0	782	4.6	0.0	100.0	1.0	22.3
Addendum										
80-90	17.1	60.8	-0.2	2.2	231	0.7	-0.5	13.4	0.2	22.2
90-95	25.2	63.0	-0.2	1.6	346	0.7	-0.4	10.0	0.2	23.5
95-99	25.2	72.5	-1.3	13.6	3,602	3.9	-0.1	16.2	1.0	26.5
Top 1 Percent	2.7	97.0	-6.3	83.7	87,285	14.4	2.5	29.4	4.4	34.9
Top 0.1 Percent	0.1	99.9	-7.9	46.1	472,806	15.6	1.4	15.1	5.2	38.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2013¹

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	40,401	25.3	11,561	332	11,229	2.9	3.7	4.6	0.5
Second Quintile	35,545	22.3	29,518	2,882	26,636	9.8	8.3	9.5	3.8
Middle Quintile	32,339	20.3	53,265	8,701	44,564	16.3	13.6	14.4	10.4
Fourth Quintile	27,031	16.9	91,335	17,715	73,620	19.4	19.5	20.0	17.8
Top Quintile	23,705	14.9	295,351	76,702	218,649	26.0	55.2	52.0	67.4
All	159,683	100.0	79,379	16,896	62,484	21.3	100.0	100.0	100.0
Addendum									
80-90	11,940	7.5	142,598	31,381	111,217	22.0	13.4	13.3	13.9
90-95	5,860	3.7	204,431	47,703	156,728	23.3	9.5	9.2	10.4
95-99	4,707	3.0	366,652	93,397	273,255	25.5	13.6	12.9	16.3
Top 1 Percent	1,197	0.8	1,983,475	604,997	1,378,477	30.5	18.7	16.5	26.9
Top 0.1 Percent	122	0.1	9,019,082	3,028,194	5,990,888	33.6	8.7	7.3	13.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).
 Number of AMT Taxpayers (millions). Baseline: 5.2 Proposal: 3.7

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

(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% 19,829, 40% 38,180, 60% 66,963, 80% 114,669, 90% 167,030, 95% 236,580, 99% 643,739, 99.9% 2,961,299.

(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, 2013 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	7.7	11.2	0.1	-0.1	-5	3.0	0.0	-0.2	-0.1	-1.6
Second Quintile	21.0	19.5	0.2	-1.5	-56	-2.6	-0.2	2.4	-0.2	7.7
Middle Quintile	24.4	29.9	0.1	-1.4	-56	-0.8	-0.4	7.9	-0.1	14.8
Fourth Quintile	21.5	43.9	-0.1	1.0	39	0.3	-0.7	16.3	0.1	18.9
Top Quintile	18.3	63.0	-2.3	102.0	4,200	6.5	1.3	73.5	1.7	27.5
All	18.4	32.8	-1.3	100.0	782	4.6	0.0	100.0	1.0	22.3
Addendum										
80-90	18.2	55.4	-0.2	1.9	152	0.6	-0.6	14.7	0.1	22.3
90-95	21.5	61.9	-0.2	1.6	258	0.6	-0.4	11.1	0.2	23.7
95-99	18.2	75.7	-1.2	13.1	2,732	3.5	-0.2	17.3	0.9	26.1
Top 1 Percent	2.5	97.0	-6.1	85.5	73,837	14.2	2.6	30.4	4.3	34.5
Top 0.1 Percent	0.9	99.1	-7.8	47.5	411,232	15.6	1.5	15.6	5.2	38.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 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	33,459	21.0	10,833	-166	11,000	-1.5	2.9	3.7	-0.2
Second Quintile	32,885	20.6	26,816	2,127	24,689	7.9	7.0	8.1	2.6
Middle Quintile	31,869	20.0	47,152	7,039	40,113	14.9	11.9	12.8	8.3
Fourth Quintile	30,496	19.1	79,522	15,026	64,497	18.9	19.1	19.7	17.0
Top Quintile	30,312	19.0	248,646	64,246	184,400	25.8	59.5	56.0	72.2
All	159,683	100.0	79,379	16,896	62,484	21.3	100.0	100.0	100.0
Addendum									
80-90	15,281	9.6	121,325	26,925	94,399	22.2	14.6	14.5	15.3
90-95	7,600	4.8	174,872	41,114	133,758	23.5	10.5	10.2	11.6
95-99	5,988	3.8	311,732	78,767	232,964	25.3	14.7	14.0	17.5
Top 1 Percent	1,444	0.9	1,722,207	520,558	1,201,649	30.2	19.6	17.4	27.9
Top 0.1 Percent	144	0.1	7,944,556	2,639,811	5,304,746	33.2	9.0	7.7	14.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

Number of AMT Taxpayers (millions). Baseline: 5.2 Proposal: 3.7

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules.

Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

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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% 13,627, 40% 25,365, 60% 42,896, 80% 70,063, 90% 101,583, 95% 145,293, 99% 386,366, 99.9% 1,826,435.

(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, 2013 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	8.8	10.5	0.1	-0.5	-6	-1.4	-0.1	1.2	-0.1	5.7
Second Quintile	15.8	21.5	0.2	-2.3	-32	-1.6	-0.2	4.6	-0.2	9.9
Middle Quintile	19.3	29.4	0.1	-2.0	-31	-0.5	-0.5	12.1	-0.1	16.5
Fourth Quintile	17.4	39.1	0.0	0.7	14	0.1	-0.7	20.4	0.0	20.9
Top Quintile	12.2	60.4	-2.1	103.8	2,444	5.8	1.4	61.5	1.5	27.7
All	14.5	28.7	-0.9	100.0	323	3.4	0.0	100.0	0.7	21.8
Addendum										
80-90	13.6	51.1	-0.2	2.7	118	0.6	-0.4	15.4	0.1	23.9
90-95	10.5	63.3	-0.3	3.1	300	1.0	-0.3	10.4	0.2	24.9
95-99	12.5	75.8	-1.0	12.3	1,538	2.9	-0.1	14.3	0.7	25.4
Top 1 Percent	1.5	97.4	-6.9	85.8	54,290	15.1	2.2	21.4	4.7	35.9
Top 0.1 Percent	0.3	99.7	-9.2	47.1	336,278	16.7	1.2	10.7	5.9	41.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 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	18,053	25.6	8,179	471	7,709	5.8	4.6	5.5	1.3
Second Quintile	16,001	22.7	20,442	2,051	18,391	10.0	10.2	11.6	4.9
Middle Quintile	14,578	20.7	35,077	5,831	29,247	16.6	16.0	16.9	12.6
Fourth Quintile	11,876	16.8	57,277	11,979	45,298	20.9	21.2	21.3	21.1
Top Quintile	9,681	13.7	159,815	41,830	117,985	26.2	48.3	45.2	60.1
All	70,516	100.0	45,439	9,563	35,876	21.1	100.0	100.0	100.0
Addendum									
80-90	5,163	7.3	87,005	20,688	66,317	23.8	14.0	13.5	15.8
90-95	2,344	3.3	124,519	30,684	93,835	24.6	9.1	8.7	10.7
95-99	1,814	2.6	215,516	53,291	162,225	24.7	12.2	11.6	14.3
Top 1 Percent	360	0.5	1,152,428	359,615	792,813	31.2	13.0	11.3	19.2
Top 0.1 Percent	32	0.1	5,673,795	2,010,792	3,663,003	35.4	5.7	4.6	9.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

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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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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	5.5	17.7	0.0	0.0	1	-0.7	0.0	-0.1	0.0	-1.4
Second Quintile	20.6	26.5	0.1	-0.4	-45	-1.8	-0.1	1.2	-0.1	7.2
Middle Quintile	25.7	36.7	0.1	-0.5	-44	-0.5	-0.3	4.9	-0.1	13.4
Fourth Quintile	23.4	50.7	-0.1	1.2	80	0.5	-0.7	13.8	0.1	17.9
Top Quintile	20.8	66.0	-2.3	99.6	5,151	6.7	1.0	80.2	1.7	27.4
All	20.5	45.5	-1.5	100.0	1,584	5.4	0.0	100.0	1.2	23.5
Addendum										
80-90	20.5	59.6	-0.2	1.8	190	0.6	-0.7	14.5	0.1	21.7
90-95	25.9	62.6	-0.2	1.2	242	0.5	-0.6	11.9	0.1	23.3
95-99	19.7	77.0	-1.3	13.4	3,335	3.7	-0.3	19.3	0.9	26.4
Top 1 Percent	2.8	96.9	-6.0	83.3	79,478	14.0	2.6	34.5	4.2	34.1
Top 0.1 Percent	1.1	98.8	-7.5	45.5	426,499	15.3	1.5	17.4	5.0	37.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 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	7,024	11.4	14,231	-195	14,425	-1.4	1.2	1.6	-0.1
Second Quintile	8,856	14.4	34,357	2,532	31,825	7.4	3.7	4.4	1.2
Middle Quintile	11,443	18.6	60,965	8,208	52,757	13.5	8.5	9.5	5.2
Fourth Quintile	15,130	24.6	97,772	17,380	80,392	17.8	18.1	19.2	14.4
Top Quintile	18,854	30.6	297,727	76,516	221,211	25.7	68.7	65.7	79.1
All	61,567	100.0	132,758	29,611	103,147	22.3	100.0	100.0	100.0
Addendum									
80-90	9,003	14.6	142,540	30,715	111,824	21.6	15.7	15.9	15.2
90-95	4,921	8.0	200,289	46,376	153,912	23.2	12.1	11.9	12.5
95-99	3,909	6.4	359,028	91,326	267,701	25.4	17.2	16.5	19.6
Top 1 Percent	1,021	1.7	1,900,519	568,764	1,331,755	29.9	23.8	21.4	31.9
Top 0.1 Percent	104	0.2	8,491,806	2,780,603	5,711,204	32.7	10.8	9.4	15.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

(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% 13,627, 40% 25,365, 60% 42,896, 80% 70,063, 90% 101,583, 95% 145,293, 99% 386,366, 99.9% 1,826,435.

(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 T11-0025
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 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	7.0	6.9	0.1	-11.2	-8	0.5	0.0	-9.0	-0.1	-11.6
Second Quintile	32.9	7.5	0.4	-168.9	-120	-7.0	-0.7	8.5	-0.4	5.1
Middle Quintile	36.3	17.8	0.4	-146.6	-154	-2.0	-0.7	27.2	-0.3	14.8
Fourth Quintile	28.9	31.7	0.1	-36.7	-70	-0.5	-0.3	30.4	-0.1	19.6
Top Quintile	28.1	42.4	-1.4	462.8	1,975	4.2	1.6	42.8	1.1	26.1
All	24.5	14.0	-0.1	100.0	22	0.4	0.0	100.0	0.1	13.4
Addendum										
80-90	23.7	39.6	0.0	-0.2	-1	0.0	-0.1	14.9	0.0	23.0
90-95	35.7	40.4	-0.1	6.7	146	0.4	0.0	6.6	0.1	23.8
95-99	41.5	47.7	-0.8	58.9	1,761	2.5	0.2	9.0	0.6	24.8
Top 1 Percent	5.4	94.2	-6.0	397.4	62,321	13.7	1.5	12.4	4.2	34.6
Top 0.1 Percent	0.9	98.9	-7.8	207.8	396,180	15.6	0.8	5.8	5.2	38.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 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	8,120	32.4	13,842	-1,598	15,440	-11.6	10.4	13.4	-9.0	
Second Quintile	7,619	30.4	31,582	1,734	29,847	5.5	22.2	24.3	9.2	
Middle Quintile	5,177	20.6	51,476	7,774	43,702	15.1	24.6	24.1	27.9	
Fourth Quintile	2,860	11.4	78,894	15,492	63,402	19.6	20.9	19.3	30.7	
Top Quintile	1,273	5.1	187,085	46,775	140,310	25.0	22.0	19.1	41.2	
All	25,098	100.0	43,104	5,755	37,349	13.4	100.0	100.0	100.0	
Addendum										
80-90	808	3.2	115,728	26,659	89,069	23.0	8.7	7.7	14.9	
90-95	249	1.0	161,060	38,229	122,831	23.7	3.7	3.3	6.6	
95-99	182	0.7	289,763	69,946	219,818	24.1	4.9	4.3	8.8	
Top 1 Percent	35	0.1	1,499,445	455,722	1,043,723	30.4	4.8	3.9	10.9	
Top 0.1 Percent	3	0.0	7,613,791	2,534,198	5,079,593	33.3	2.0	1.5	5.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

(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% 13,627, 40% 25,365, 60% 42,896, 80% 70,063, 90% 101,583, 95% 145,293, 99% 386,366, 99.9% 1,826,435.

(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 T11-0025
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013¹
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	6.9	7.6	0.0	-0.1	-6	0.3	0.1	-2.0	0.0	-13.6
Second Quintile	33.5	9.9	0.3	-2.6	-116	-6.1	-0.2	1.7	-0.3	5.0
Middle Quintile	37.7	23.0	0.2	-2.7	-125	-1.3	-0.5	9.2	-0.2	15.1
Fourth Quintile	30.8	39.5	0.0	-0.1	-5	0.0	-0.9	18.8	0.0	19.4
Top Quintile	28.6	58.1	-2.5	105.5	5,923	6.8	1.5	72.2	1.8	28.6
All	27.3	26.2	-1.2	100.0	945	4.6	0.0	100.0	1.0	21.8
Addendum										
80-90	24.9	53.8	-0.1	0.7	80	0.2	-0.7	15.0	0.1	22.9
90-95	45.3	46.2	0.0	0.3	76	0.1	-0.5	10.5	0.0	24.2
95-99	23.9	74.8	-1.8	19.0	5,510	4.9	0.1	17.8	1.3	28.0
Top 1 Percent	1.7	98.2	-6.8	85.5	104,409	14.8	2.6	28.8	4.7	36.2
Top 0.1 Percent	0.1	99.9	-7.9	42.8	556,230	15.5	1.3	13.9	5.2	39.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013¹

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	10,404	21.1	15,026	-2,032	17,059	-13.5	3.2	4.6	-2.1
Second Quintile	10,419	21.1	35,671	1,902	33,770	5.3	7.6	9.0	1.9
Middle Quintile	10,279	20.8	63,686	9,717	53,969	15.3	13.3	14.3	9.7
Fourth Quintile	9,803	19.9	106,014	20,556	85,458	19.4	21.1	21.5	19.6
Top Quintile	8,309	16.8	325,807	87,211	238,595	26.8	55.1	51.0	70.6
All	49,348	100.0	99,630	20,790	78,840	20.9	100.0	100.0	100.0
Addendum									
80-90	4,326	8.8	162,746	37,146	125,600	22.8	14.3	14.0	15.7
90-95	1,997	4.1	233,966	56,436	177,530	24.1	9.5	9.1	11.0
95-99	1,604	3.3	425,182	113,583	311,600	26.7	13.9	12.9	17.8
Top 1 Percent	382	0.8	2,235,730	704,488	1,531,241	31.5	17.4	15.0	26.2
Top 0.1 Percent	36	0.1	10,656,644	3,599,393	7,057,252	33.8	7.8	6.5	12.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

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

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules. Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

(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% 13,627, 40% 25,365, 60% 42,896, 80% 70,063, 90% 101,583, 95% 145,293, 99% 386,366, 99.9% 1,826,435.

(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 T11-0025
Administration's FY2012 Budget Proposals
Major Individual Income and Corporate Tax Provisions
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2013 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	0.8	22.9	-0.1	0.1	5	2.1	0.0	0.3	0.1	2.3
Second Quintile	3.2	37.9	0.0	0.2	10	1.1	-0.1	1.6	0.0	3.9
Middle Quintile	4.6	61.7	-0.1	0.9	56	2.3	-0.2	3.3	0.1	6.0
Fourth Quintile	8.0	78.4	-0.4	3.9	258	3.3	-0.5	9.7	0.4	11.3
Top Quintile	7.1	87.4	-3.0	94.8	6,187	9.5	0.8	85.1	2.3	26.4
All	4.6	56.3	-1.9	100.0	1,185	8.5	0.0	100.0	1.5	19.4
Addendum										
80-90	8.2	83.2	-0.7	4.3	635	3.7	-0.4	9.5	0.6	16.3
90-95	6.9	87.9	-0.7	3.2	857	2.9	-0.5	9.1	0.5	19.2
95-99	6.7	91.8	-1.3	10.1	2,770	4.4	-0.7	18.9	1.0	23.5
Top 1 Percent	1.7	97.7	-6.3	77.1	70,037	14.5	2.5	47.7	4.4	34.9
Top 0.1 Percent	0.3	99.6	-8.2	45.3	382,672	16.1	1.7	25.5	5.4	39.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2013 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	5,313	17.0	10,822	248	10,575	2.3	2.4	2.8	0.3
Second Quintile	8,515	27.2	22,986	876	22,110	3.8	8.0	9.4	1.7
Middle Quintile	6,190	19.8	41,540	2,448	39,092	5.9	10.5	12.0	3.5
Fourth Quintile	5,603	17.9	72,670	7,944	64,726	10.9	16.6	18.1	10.2
Top Quintile	5,686	18.2	269,484	64,974	204,510	24.1	62.6	57.9	84.3
All	31,333	100.0	78,111	13,985	64,126	17.9	100.0	100.0	100.0
Addendum									
80-90	2,520	8.0	109,880	17,299	92,581	15.7	11.3	11.6	10.0
90-95	1,400	4.5	159,960	29,890	130,070	18.7	9.2	9.1	9.6
95-99	1,357	4.3	281,390	63,346	218,043	22.5	15.6	14.7	19.6
Top 1 Percent	409	1.3	1,589,526	484,615	1,104,911	30.5	26.5	22.5	45.2
Top 0.1 Percent	44	0.1	7,053,610	2,377,870	4,675,741	33.7	12.7	10.2	23.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

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

(1) Calendar year. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. Proposal would a) index the parameters of the AMT to inflation after 2011 and allow non-refundable credits against tentative AMT; b) extend parts of the 2001 and 2003 tax cuts, including marriage penalty relief, the 10, 15, 25, 28 and a portion of the 33 percent brackets, and the 0%/15% rate structure on capital gains and qualified dividends for taxpayers in those brackets; c) set the threshold for the 36 percent bracket at \$200,000 (single), \$250,000 (married), or \$225,000 (head of household), indexed for inflation after 2009, less the standard deduction and one personal exemption (two if married); d) set the thresholds for PEP and Pease at \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; e) tax capital gains and qualified dividends at 20% for taxpayers in the top two brackets and repeal the 8%/18% rates for assets held more than 5 years; f) extend the \$1,000 child tax credit, \$3,000 (not indexed) refundability threshold, and allow against the AMT; g) extend the American Opportunity Tax Credit; h) extend the EITC's 45% phase-in rate for families with 3 or more children and higher phase-out thresholds for married couples; i) extend the maximum credit amount for the child and dependent care tax credit and increase the phase-out threshold to \$75,000 (not indexed); j) provide automatic enrollment in IRAs; k) limit itemized deductions to 28% for taxpayers in the top two brackets; and l) set the estate tax at its 2009 level (\$3.5M exemption, 45% rate) and modify certain valuation discount rules.

Business provisions include a) expand and make the R&E credit permanent; b) tax carried interest as ordinary income; c) repeal LIFO; d) expand section 179 expensing; e) reform international tax system; f) reform treatment of financial institutions; g) eliminate fossil fuel preferences; h) reinstate Superfund environmental income tax; and g) reform the treatment of insurance industry.

(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% 13,627, 40% 25,365, 60% 42,896, 80% 70,063, 90% 101,583, 95% 145,293, 99% 386,366, 99.9% 1,826,435.

(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.