

**Table T11-0041**  
**Administration's FY2012 Budget Proposals**  
**Limit Itemized Deductions to 28 Percent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2012<sup>1</sup>**  
**Summary Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	2.6
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	9.3
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	16.2
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	20.1
Top Quintile	0.0	11.3	-0.3	100.0	566	0.2	26.3
All	0.0	1.7	-0.1	100.0	84	0.1	21.5
<b>Addendum</b>							
80-90	0.0	0.0	0.0	0.0	0	0.0	23.4
90-95	0.0	0.5	0.0	0.1	2	0.0	24.8
95-99	0.0	34.8	-0.2	16.4	465	0.1	26.3
Top 1 Percent	0.1	82.8	-0.7	83.5	9,293	0.5	29.3
Top 0.1 Percent	0.0	93.9	-0.9	45.4	49,934	0.6	32.0

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

Number of AMT Taxpayers (millions). Baseline: 37.1

Proposal: 37.0

(1) Calendar year. Baseline is current law. Proposal would limit the value of itemized deductions to 28 percent and apply a similar limitation to the alternative minimum tax. Limitation would apply only to taxpayers with taxable income above \$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).

(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% \$19,180, 40% \$36,929, 60% \$64,310, 80% \$109,750, 90% \$159,830, 95% \$226,459, 99% \$601,248, 99.9% \$2,739,880.

(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 <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	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	0.5	0.0	2.6
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.6	0.0	9.3
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	10.3	0.0	16.2
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	18.3	0.0	20.1
Top Quintile	0.0	11.3	-0.3	100.0	566	0.8	0.2	67.2	0.2	26.3
All	0.0	1.7	-0.1	100.0	84	0.5	0.0	100.0	0.1	21.5
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	14.6	0.0	23.4
90-95	0.0	0.5	0.0	0.1	2	0.0	-0.1	10.9	0.0	24.8
95-99	0.0	34.8	-0.2	16.4	465	0.5	0.0	16.6	0.1	26.3
Top 1 Percent	0.1	82.8	-0.7	83.5	9,293	1.8	0.3	25.0	0.5	29.3
Top 0.1 Percent	0.0	93.9	-0.9	45.4	49,934	1.9	0.2	12.6	0.6	32.0

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2012 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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	39,758	25.3	11,009	288	10,721	2.6	3.7	4.6	0.5
Second Quintile	34,994	22.2	28,231	2,638	25,593	9.3	8.4	9.7	3.7
Middle Quintile	31,866	20.3	50,823	8,220	42,603	16.2	13.7	14.7	10.4
Fourth Quintile	26,607	16.9	86,565	17,436	69,129	20.1	19.5	19.9	18.4
Top Quintile	23,400	14.9	276,554	72,256	204,298	26.1	54.9	51.6	67.0
All	157,348	100.0	74,905	16,040	58,865	21.4	100.0	100.0	100.0
<b>Addendum</b>									
80-90	11,748	7.5	134,967	31,548	103,418	23.4	13.5	13.1	14.7
90-95	5,794	3.7	193,464	47,881	145,584	24.8	9.5	9.1	11.0
95-99	4,667	3.0	343,481	89,906	253,575	26.2	13.6	12.8	16.6
Top 1 Percent	1,190	0.8	1,815,859	523,431	1,292,429	28.8	18.3	16.6	24.7
Top 0.1 Percent	120	0.1	8,314,540	2,610,385	5,704,155	31.4	8.5	7.4	12.5

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

Number of AMT Taxpayers (millions). Baseline: 37.1

Proposal: 37.0

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(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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**Limit Itemized Deductions to 28 Percent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	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	-2.1
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.5	0.0	7.6
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	8.5	0.0	15.3
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	17.7	0.0	19.8
Top Quintile	0.0	8.8	-0.3	100.0	442	0.7	0.2	71.5	0.2	26.0
All	0.0	1.7	-0.1	100.0	84	0.5	0.0	100.0	0.1	21.5
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	15.8	0.0	23.1
90-95	0.0	0.1	0.0	0.0	1	0.0	-0.1	12.0	0.0	24.5
95-99	0.0	25.4	-0.2	15.8	352	0.5	0.0	17.8	0.1	26.0
Top 1 Percent	0.1	78.3	-0.7	84.2	7,744	1.7	0.3	26.0	0.5	29.1
Top 0.1 Percent	0.0	91.7	-0.9	46.6	43,360	1.9	0.2	13.1	0.6	31.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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	32,956	21.0	10,304	-213	10,517	-2.1	2.9	3.7	-0.3
Second Quintile	32,298	20.5	25,653	1,948	23,705	7.6	7.0	8.3	2.5
Middle Quintile	31,371	19.9	45,018	6,890	38,129	15.3	12.0	12.9	8.6
Fourth Quintile	30,010	19.1	75,458	14,920	60,539	19.8	19.2	19.6	17.7
Top Quintile	29,990	19.1	232,573	60,042	172,531	25.8	59.2	55.9	71.3
All	157,348	100.0	74,905	16,040	58,865	21.4	100.0	100.0	100.0
<b>Addendum</b>									
80-90	15,135	9.6	114,512	26,424	88,089	23.1	14.7	14.4	15.9
90-95	7,483	4.8	165,572	40,594	124,979	24.5	10.5	10.1	12.0
95-99	5,931	3.8	292,632	75,702	216,931	25.9	14.7	13.9	17.8
Top 1 Percent	1,440	0.9	1,573,914	449,849	1,124,065	28.6	19.2	17.5	25.7
Top 0.1 Percent	142	0.1	7,329,769	2,286,720	5,043,049	31.2	8.9	7.8	12.9

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

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Proposal: 37.0

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(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% \$13,093, 40% \$24,435, 60% \$41,146, 80% \$66,878, 90% \$96,912, 95% \$138,613, 99% \$363,816, 99.9% \$1,673,317.

(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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**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**  
**Detail Table - Single Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	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	5.7
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	5.0	0.0	10.1
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	12.7	0.0	16.4
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	20.9	0.0	20.4
Top Quintile	0.0	4.4	-0.2	100.0	178	0.5	0.1	60.1	0.1	25.6
All	0.0	0.6	-0.1	100.0	25	0.3	0.0	100.0	0.1	20.7
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.0	16.1	0.0	23.4
90-95	0.0	0.0	0.0	0.0	0	0.0	0.0	10.7	0.0	24.3
95-99	0.0	9.2	0.0	5.9	56	0.1	0.0	14.6	0.0	24.6
Top 1 Percent	0.1	71.1	-0.6	94.1	4,398	1.4	0.2	18.7	0.4	29.9
Top 0.1 Percent	0.1	90.4	-0.8	54.7	29,305	1.7	0.1	9.1	0.6	33.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-	Share of Post-	Share of Federal
	Number (thousands)	Percent of Total					Pre- Tax Income	Tax Income	Taxes
							Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	17,734	25.7	7,750	441	7,309	5.7	4.6	5.5	1.3
Second Quintile	15,487	22.5	19,496	1,960	17,536	10.1	10.2	11.5	5.0
Middle Quintile	14,189	20.6	33,408	5,484	27,925	16.4	16.0	16.8	12.7
Fourth Quintile	11,566	16.8	54,268	11,074	43,194	20.4	21.1	21.2	20.9
Top Quintile	9,598	13.9	149,929	38,230	111,698	25.5	48.4	45.5	60.0
All	68,932	100.0	43,096	8,875	34,221	20.6	100.0	100.0	100.0
<b>Addendum</b>									
80-90	5,136	7.5	82,035	19,210	62,825	23.4	14.2	13.7	16.1
90-95	2,305	3.3	117,537	28,499	89,039	24.3	9.1	8.7	10.7
95-99	1,791	2.6	202,821	49,899	152,922	24.6	12.2	11.6	14.6
Top 1 Percent	365	0.5	1,050,571	310,149	740,422	29.5	12.9	11.5	18.5
Top 0.1 Percent	32	0.1	5,213,675	1,729,630	3,484,045	33.2	5.6	4.7	9.0

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

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(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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**Limit Itemized Deductions to 28 Percent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	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	-2.1
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.2	0.0	6.9
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	5.4	0.0	14.1
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	15.5	0.0	19.3
Top Quintile	0.0	11.2	-0.3	100.0	580	0.8	0.1	78.0	0.2	26.1
All	0.0	3.4	-0.2	100.0	176	0.6	0.0	100.0	0.1	22.8
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	15.8	0.0	22.9
90-95	0.0	0.1	0.0	0.0	1	0.0	-0.1	13.0	0.0	24.6
95-99	0.0	32.5	-0.2	17.7	493	0.6	0.0	19.9	0.2	26.4
Top 1 Percent	0.1	80.6	-0.7	82.3	8,767	1.8	0.3	29.3	0.5	28.8
Top 0.1 Percent	0.0	92.0	-0.9	44.1	46,556	1.9	0.2	14.5	0.6	31.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-	Share of Post-	Share of Federal
	Number (thousands)	Percent of Total					Pre-	Post-	Taxes
							Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	7,026	11.5	13,543	-284	13,826	-2.1	1.3	1.7	-0.1
Second Quintile	8,845	14.4	32,807	2,262	30,546	6.9	3.8	4.6	1.2
Middle Quintile	11,468	18.7	58,062	8,207	49,855	14.1	8.7	9.7	5.5
Fourth Quintile	15,083	24.6	92,463	17,799	74,664	19.3	18.3	19.1	15.6
Top Quintile	18,652	30.4	278,353	72,005	206,348	25.9	68.2	65.3	77.8
All	61,357	100.0	124,139	28,132	96,007	22.7	100.0	100.0	100.0
<b>Addendum</b>									
80-90	8,897	14.5	134,726	30,780	103,947	22.9	15.7	15.7	15.9
90-95	4,856	7.9	189,698	46,632	143,066	24.6	12.1	11.8	13.1
95-99	3,884	6.3	336,279	88,299	247,980	26.3	17.2	16.4	19.9
Top 1 Percent	1,015	1.7	1,740,354	492,568	1,247,786	28.3	23.2	21.5	29.0
Top 0.1 Percent	102	0.2	7,859,286	2,418,673	5,440,613	30.8	10.6	9.5	14.3

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

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**Baseline: Current Law**  
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**Detail Table - Head of Household Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	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	-9.8	0.0	-12.6
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	8.1	0.0	4.8
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	28.8	0.0	15.8
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	31.7	0.0	20.8
Top Quintile	0.0	4.9	-0.2	100.0	196	0.4	0.1	41.0	0.1	25.3
All	0.0	0.3	0.0	100.0	10	0.2	0.0	100.0	0.0	13.5
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.0	15.6	0.0	24.1
90-95	0.0	0.0	0.0	0.0	0	0.0	0.0	6.4	0.0	24.5
95-99	0.0	18.9	-0.1	15.2	209	0.3	0.0	8.8	0.1	24.3
Top 1 Percent	0.0	79.7	-0.6	84.8	6,206	1.5	0.1	10.2	0.4	29.3
Top 0.1 Percent	0.0	92.8	-0.7	41.9	35,540	1.6	0.1	4.8	0.5	31.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-	Share of Post-	Share of Federal
	Number (thousands)	Percent of Total					Pre-Tax	Tax Income	Taxes
							Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	7,925	32.3	13,191	-1,658	14,848	-12.6	10.5	13.6	-9.8
Second Quintile	7,543	30.7	30,039	1,455	28,584	4.8	22.7	24.9	8.2
Middle Quintile	5,024	20.5	48,909	7,724	41,185	15.8	24.6	23.9	28.8
Fourth Quintile	2,757	11.2	74,627	15,513	59,114	20.8	20.6	18.9	31.8
Top Quintile	1,245	5.1	175,329	44,212	131,117	25.2	21.8	18.9	40.9
All	24,547	100.0	40,709	5,481	35,228	13.5	100.0	100.0	100.0
<b>Addendum</b>									
80-90	802	3.3	109,022	26,258	82,764	24.1	8.8	7.7	15.7
90-95	231	0.9	152,758	37,430	115,328	24.5	3.5	3.1	6.4
95-99	178	0.7	272,489	66,078	206,411	24.3	4.9	4.3	8.8
Top 1 Percent	33	0.1	1,404,595	405,427	999,168	28.9	4.7	3.9	10.1
Top 0.1 Percent	3	0.0	6,980,731	2,189,912	4,790,819	31.4	2.0	1.6	4.7

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

(1) Calendar year. Baseline is current law. Proposal would limit the value of itemized deductions to 28 percent and apply a similar limitation to the alternative minimum tax. Limitation would apply only to taxpayers with taxable income above \$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).

(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% \$13,093, 40% \$24,435, 60% \$41,146, 80% \$66,878, 90% \$96,912, 95% \$138,613, 99% \$363,816, 99.9% \$1,673,317.

(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 T11-0041**  
**Administration's FY2012 Budget Proposals**  
**Limit Itemized Deductions to 28 Percent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Tax Units with Children**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	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	-2.2	0.0	-14.6
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.6	0.0	4.6
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	10.2	0.0	16.4
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	21.3	0.0	21.8
Top Quintile	0.0	14.0	-0.3	100.0	692	0.8	0.2	68.9	0.2	27.5
All	0.0	2.3	-0.2	100.0	116	0.6	0.0	100.0	0.1	21.7
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	16.4	0.0	24.8
90-95	0.0	0.4	0.0	0.1	3	0.0	-0.1	11.6	0.0	26.1
95-99	0.0	51.6	-0.3	24.9	906	0.8	0.0	17.2	0.2	27.5
Top 1 Percent	0.0	89.8	-0.8	75.0	11,490	1.9	0.3	23.7	0.6	30.5
Top 0.1 Percent	0.0	96.4	-0.9	36.2	57,302	1.8	0.1	11.4	0.6	32.3

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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	10,364	21.1	14,277	-2,086	16,363	-14.6	3.2	4.7	-2.2	
Second Quintile	10,406	21.2	33,992	1,555	32,437	4.6	7.7	9.4	1.6	
Middle Quintile	10,236	20.8	60,658	9,931	50,727	16.4	13.5	14.4	10.2	
Fourth Quintile	9,744	19.8	100,435	21,843	78,592	21.8	21.3	21.3	21.4	
Top Quintile	8,256	16.8	303,594	82,659	220,935	27.2	54.5	50.6	68.8	
All	49,155	100.0	93,484	20,195	73,289	21.6	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	4,301	8.8	153,828	38,110	115,718	24.8	14.4	13.8	16.5	
90-95	2,010	4.1	221,076	57,786	163,291	26.1	9.7	9.1	11.7	
95-99	1,572	3.2	397,710	108,414	289,296	27.3	13.6	12.6	17.2	
Top 1 Percent	373	0.8	2,079,222	622,046	1,457,176	29.9	16.9	15.1	23.4	
Top 0.1 Percent	36	0.1	9,788,321	3,108,258	6,680,063	31.8	7.7	6.7	11.3	

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 law. Proposal would limit the value of itemized deductions to 28 percent and apply a similar limitation to the alternative minimum tax. Limitation would apply only to taxpayers with taxable income above \$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).

(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% \$13,093, 40% \$24,435, 60% \$41,146, 80% \$66,878, 90% \$96,912, 95% \$138,613, 99% \$363,816, 99.9% \$1,673,317.

(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 T11-0041**  
**Administration's FY2012 Budget Proposals**  
**Limit Itemized Deductions to 28 Percent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	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	2.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.6	0.0	3.7
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.4	0.0	5.7
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	10.1	0.0	10.7
Top Quintile	0.0	9.1	-0.3	100.0	520	0.9	0.1	84.6	0.2	23.6
All	0.0	1.7	-0.2	100.0	99	0.8	0.0	100.0	0.1	17.6
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	10.3	0.0	16.0
90-95	0.0	0.0	0.0	0.0	0	0.0	-0.1	10.0	0.0	18.9
95-99	0.0	15.7	-0.1	6.2	132	0.2	-0.1	21.4	0.1	23.1
Top 1 Percent	0.1	70.6	-0.7	93.8	6,498	1.7	0.4	42.9	0.5	28.8
Top 0.1 Percent	0.0	91.5	-1.0	61.5	43,584	2.1	0.3	21.8	0.7	32.0

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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	5,008	16.4	10,286	238	10,048	2.3	2.2	2.6	0.3
Second Quintile	8,050	26.4	21,909	799	21,110	3.7	7.6	8.9	1.6
Middle Quintile	6,057	19.8	39,709	2,254	37,455	5.7	10.4	11.9	3.4
Fourth Quintile	5,599	18.3	68,620	7,348	61,272	10.7	16.7	18.0	10.2
Top Quintile	5,806	19.0	251,011	58,617	192,393	23.4	63.1	58.6	84.4
All	30,543	100.0	75,561	13,196	62,365	17.5	100.0	100.0	100.0
<b>Addendum</b>									
80-90	2,529	8.3	103,094	16,499	86,595	16.0	11.3	11.5	10.4
90-95	1,424	4.7	150,541	28,436	122,105	18.9	9.3	9.1	10.1
95-99	1,417	4.6	265,660	61,171	204,488	23.0	16.3	15.2	21.5
Top 1 Percent	436	1.4	1,390,644	393,527	997,117	28.3	26.2	22.8	42.5
Top 0.1 Percent	43	0.1	6,491,155	2,036,442	4,454,713	31.4	12.0	10.0	21.5

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 law. Proposal would limit the value of itemized deductions to 28 percent and apply a similar limitation to the alternative minimum tax. Limitation would apply only to taxpayers with taxable income above \$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).

(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% \$13,093, 40% \$24,435, 60% \$41,146, 80% \$66,878, 90% \$96,912, 95% \$138,613, 99% \$363,816, 99.9% \$1,673,317.

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(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.