

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T13-0023
The American Taxpayer Relief Act of 2012 (ATRA)
Major Individual Income Tax and Estate Tax Provisions
Excludes Certain Business Extenders and Other Provisions
Baseline: Pre-ATRA Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2018 ¹
Summary Table

| Cash Income Percentile ^{2,3} | Tax Units with Tax Increase or Cut 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 |
| | Pct of Tax Units | Avg Tax Cut | Pct of Tax Units | Avg Tax Increase | | | | | |
| Lowest Quintile | 31.7 | -509 | * | ** | 1.0 | 1.6 | -152 | -1.0 | 4.8 |
| Second Quintile | 81.6 | -1,005 | * | ** | 2.5 | 8.0 | -822 | -2.1 | 11.9 |
| Middle Quintile | 95.2 | -1,590 | * | ** | 2.8 | 12.5 | -1,459 | -2.3 | 16.7 |
| Fourth Quintile | 99.2 | -3,261 | 0.0 | 0 | 4.0 | 22.8 | -3,164 | -3.1 | 20.1 |
| Top Quintile | 99.4 | -9,137 | 0.3 | 18,680 | 4.0 | 55.0 | -8,741 | -2.7 | 29.6 |
| All | 77.0 | -3,130 | 0.1 | 13,860 | 3.5 | 100.0 | -2,335 | -2.6 | 23.3 |
| Addendum | | | | | | | | | |
| 80-90 | 99.7 | -5,146 | 0.0 | 0 | 4.6 | 16.0 | -5,045 | -3.4 | 22.7 |
| 90-95 | 99.5 | -8,096 | 0.3 | 3,099 | 5.1 | 12.4 | -7,975 | -3.6 | 24.3 |
| 95-99 | 99.3 | -14,270 | 0.4 | 4,239 | 5.4 | 16.9 | -13,532 | -3.7 | 27.5 |
| Top 1 Percent | 96.2 | -34,833 | 3.3 | 33,146 | 2.0 | 9.7 | -30,538 | -1.2 | 37.1 |
| Top 0.1 Percent | 81.3 | -115,901 | 18.5 | 54,563 | 1.1 | 2.6 | -81,032 | -0.7 | 39.2 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

Number of AMT Taxpayers (millions). Baseline: 37.6

Proposal: 4.6

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current law before the passage of ATRA. Proposal would extend the tax cuts in TPC's current policy baseline with the following exceptions and modifications: (1) raise statutory individual income tax rate to 39.6 percent on taxable income greater than \$450,000 for married couples filing a joint return (MFJ), \$400,000 for singles, and \$425,000 for heads of household (HoH), indexed for inflation after 2013; (2) reinstate the personal exemption phase-out (PEP) and the limitation on itemized deductions (Pease) for those with adjusted gross incomes greater than \$300,000 for MFJ, \$250,000 for singles, and \$275,000 for HoH, indexed for inflation after 2013; (3) raise rate on long-term capital gains and qualified dividends to 20 percent for those otherwise in the top 39.6 percent tax bracket; (4) raise estate tax rate from 35 to 40 percent; (5) set AMT exemption at \$78,750 for MFJ, \$50,600 for singles, indexed for inflation after 2012; (6) allow the American Opportunity Tax Credit to expire at the end of 2017 and reinstate the Hope Scholarship Credit for 2018 and thereafter; (7) allow the enhancements to the earned income tax credit and the child tax credit originally enacted in the 2009 stimulus legislation to expire at the end of 2017; (8) allow the sales tax deduction, the above-the-line deductions for education expenses, and the educator deduction to expire at the end of 2013. The analysis excludes the impact of certain business and other extenders. For a description of TPC's current law and current policy baselines, see

<http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 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 2012 dollars): 20% \$24,446; 40% \$45,536; 60% \$72,847; 80% \$115,180; 90% \$160,620; 95% \$232,956; 99% \$609,956; 99.9% \$3,802,073.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0023
American Taxpayer Relief Act (ATRA) Against pre-ATRA Law
Major Individual Income Tax and Estate Tax Provisions
Excludes Certain Business Tax and Other Provisions
Baseline: Pre-ATRA Current Law
Distribution of Federal Tax Change by Cash Income Percentile, 2018 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 | 31.7 | * | 1.0 | 1.6 | -152 | -17.2 | -0.1 | 0.9 | -1.0 | 4.8 |
| Second Quintile | 81.6 | * | 2.5 | 8.0 | -822 | -15.2 | -0.3 | 5.0 | -2.1 | 11.9 |
| Middle Quintile | 95.2 | * | 2.8 | 12.5 | -1,459 | -11.9 | -0.2 | 10.2 | -2.3 | 16.7 |
| Fourth Quintile | 99.2 | 0.0 | 4.0 | 22.8 | -3,164 | -13.3 | -0.6 | 16.5 | -3.1 | 20.1 |
| Top Quintile | 99.4 | 0.3 | 4.0 | 55.0 | -8,741 | -8.3 | 1.2 | 67.3 | -2.7 | 29.6 |
| All | 77.0 | 0.1 | 3.5 | 100.0 | -2,335 | -10.0 | 0.0 | 100.0 | -2.6 | 23.3 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.7 | 0.0 | 4.6 | 16.0 | -5,045 | -13.0 | -0.4 | 11.8 | -3.4 | 22.7 |
| 90-95 | 99.5 | 0.3 | 5.1 | 12.4 | -7,975 | -13.1 | -0.3 | 9.1 | -3.6 | 24.3 |
| 95-99 | 99.3 | 0.4 | 5.4 | 16.9 | -13,532 | -12.0 | -0.3 | 13.8 | -3.7 | 27.5 |
| Top 1 Percent | 96.2 | 3.3 | 2.0 | 9.7 | -30,538 | -3.2 | 2.3 | 32.6 | -1.2 | 37.1 |
| Top 0.1 Percent | 81.3 | 18.5 | 1.1 | 2.6 | -81,032 | -1.7 | 1.4 | 16.7 | -0.7 | 39.2 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2018 ¹

| Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁵ | | Average Federal Tax Rate ⁶ |
|---------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Lowest Quintile | 41,318 | 25.2 | 15,445 | 4.3 | 885 | 1.0 | 14,560 | 5.5 | 5.7 |
| Second Quintile | 37,279 | 22.8 | 38,717 | 9.7 | 5,416 | 5.3 | 33,301 | 11.3 | 14.0 |
| Middle Quintile | 32,896 | 20.1 | 64,472 | 14.3 | 12,227 | 10.5 | 52,245 | 15.6 | 19.0 |
| Fourth Quintile | 27,546 | 16.8 | 102,956 | 19.1 | 23,890 | 17.1 | 79,065 | 19.8 | 23.2 |
| Top Quintile | 24,072 | 14.7 | 326,769 | 53.0 | 105,436 | 66.1 | 221,333 | 48.4 | 32.3 |
| All | 163,891 | 100.0 | 90,617 | 100.0 | 23,437 | 100.0 | 67,181 | 100.0 | 25.9 |
| Addendum | | | | | | | | | |
| 80-90 | 12,128 | 7.4 | 148,383 | 12.1 | 38,763 | 12.2 | 109,620 | 12.1 | 26.1 |
| 90-95 | 5,945 | 3.6 | 218,813 | 8.8 | 61,082 | 9.5 | 157,731 | 8.5 | 27.9 |
| 95-99 | 4,785 | 2.9 | 362,121 | 11.7 | 113,195 | 14.1 | 248,926 | 10.8 | 31.3 |
| Top 1 Percent | 1,214 | 0.7 | 2,498,081 | 20.4 | 958,092 | 30.3 | 1,539,989 | 17.0 | 38.4 |
| Top 0.1 Percent | 124 | 0.1 | 11,842,531 | 9.9 | 4,724,260 | 15.3 | 7,118,271 | 8.0 | 39.9 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

Number of AMT Taxpayers (millions). Baseline: 37.6 Proposal: 4.6

* Less than 0.05

(1) Calendar year. Baseline is current law before the passage of ATRA. Proposal would extend the tax cuts in TPC's current policy baseline with the following exceptions and modifications: (1) raise statutory individual income tax rate to 39.6 percent on taxable income greater than \$450,000 for married couples filing a joint return (MFJ), \$400,000 for singles, and \$425,000 for heads of household (HoH), indexed for inflation after 2013; (2) reinstate the personal exemption phase-out (PEP) and the limitation on itemized deductions (Pease) for those with adjusted gross incomes greater than \$300,000 for MFJ, \$250,000 for singles, and \$275,000 for HoH, indexed for inflation after 2013; (3) raise rate on long-term capital gains and qualified dividends to 20 percent for those otherwise in the top 39.6 percent tax bracket; (4) raise estate tax rate from 35 to 40 percent; (4) set AMT exemption at \$78,750 for MFJ, \$50,600 for singles, indexed for inflation after 2012; (5) index the AMT exemption phase-out threshold and tax bracket threshold for inflation after 2012; (6) allow the American Opportunity Tax Credit to expire at the end of 2017 and reinstate the Hope Scholarship Credit for 2018 and thereafter; (7) allow the enhancements to the earned income tax credit and the child tax credit originally enacted in the 2009 stimulus legislation to expire at the end of 2017; (8) allow the sales tax deduction, the above-the-line deductions for education expenses, and the educator deduction to expire at the end of 2013. The analysis excludes the impact of certain business and other extenders. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 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 2012 dollars): 20% \$24,446; 40% \$45,536; 60% \$72,847; 80% \$115,180; 90% \$160,620; 95% \$232,956; 99% \$609,956; 99.9% \$3,802,073.

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American Taxpayer Relief Act (ATRA) Against pre-ATRA Law
Major Individual Income Tax and Estate Tax Provisions
Excludes Certain Business Tax and Other Provisions
Baseline: Pre-ATRA Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2018 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 | 31.6 | * | 1.8 | 2.2 | -252 | -52.3 | -0.2 | 0.2 | -1.7 | 1.6 |
| Second Quintile | 68.7 | * | 2.8 | 7.4 | -861 | -19.1 | -0.4 | 3.5 | -2.5 | 10.4 |
| Middle Quintile | 90.5 | * | 2.9 | 11.8 | -1,361 | -13.7 | -0.4 | 8.2 | -2.4 | 15.0 |
| Fourth Quintile | 98.7 | 0.0 | 3.7 | 20.7 | -2,523 | -12.6 | -0.5 | 15.8 | -2.8 | 19.6 |
| Top Quintile | 99.2 | 0.3 | 3.8 | 57.8 | -6,887 | -8.2 | 1.4 | 72.1 | -2.6 | 29.1 |
| All | 77.0 | 0.1 | 3.5 | 100.0 | -2,335 | -10.0 | 0.0 | 100.0 | -2.6 | 23.3 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.4 | 0.0 | 4.0 | 16.2 | -3,711 | -11.6 | -0.3 | 13.6 | -3.0 | 22.5 |
| 90-95 | 99.5 | * | 4.6 | 12.5 | -6,041 | -12.0 | -0.2 | 10.1 | -3.3 | 24.6 |
| 95-99 | 99.0 | 0.6 | 5.2 | 18.2 | -11,330 | -11.9 | -0.3 | 14.9 | -3.6 | 26.9 |
| Top 1 Percent | 96.5 | 3.0 | 2.2 | 11.0 | -29,694 | -3.5 | 2.2 | 33.4 | -1.3 | 36.9 |
| Top 0.1 Percent | 82.2 | 17.6 | 1.2 | 3.0 | -79,106 | -1.9 | 1.4 | 17.4 | -0.8 | 39.2 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2018 ¹

| Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁵ | | Average Federal Tax Rate ⁶ | |
|---------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|--|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | | |
| Lowest Quintile | 33,501 | 20.4 | 14,475 | 3.3 | 482 | 0.4 | 13,993 | 4.3 | 3.3 | |
| Second Quintile | 32,865 | 20.1 | 34,927 | 7.7 | 4,504 | 3.9 | 30,423 | 9.1 | 12.9 | |
| Middle Quintile | 33,217 | 20.3 | 57,201 | 12.8 | 9,930 | 8.6 | 47,271 | 14.3 | 17.4 | |
| Fourth Quintile | 31,397 | 19.2 | 88,987 | 18.8 | 19,963 | 16.3 | 69,024 | 19.7 | 22.4 | |
| Top Quintile | 32,131 | 19.6 | 266,953 | 57.8 | 84,527 | 70.7 | 182,426 | 53.2 | 31.7 | |
| All | 163,891 | 100.0 | 90,617 | 100.0 | 23,437 | 100.0 | 67,181 | 100.0 | 25.9 | |
| Addendum | | | | | | | | | | |
| 80-90 | 16,666 | 10.2 | 125,874 | 14.1 | 32,016 | 13.9 | 93,858 | 14.2 | 25.4 | |
| 90-95 | 7,894 | 4.8 | 180,896 | 9.6 | 50,451 | 10.4 | 130,445 | 9.4 | 27.9 | |
| 95-99 | 6,157 | 3.8 | 312,108 | 12.9 | 95,214 | 15.3 | 216,894 | 12.1 | 30.5 | |
| Top 1 Percent | 1,414 | 0.9 | 2,213,107 | 21.1 | 846,970 | 31.2 | 1,366,138 | 17.6 | 38.3 | |
| Top 0.1 Percent | 144 | 0.1 | 10,600,226 | 10.3 | 4,235,560 | 15.9 | 6,364,666 | 8.4 | 40.0 | |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).
 Number of AMT Taxpayers (millions). Baseline: 37.6 Proposal: 4.6
 * Less than 0.05

(1) Calendar year. Baseline is current law before the passage of ATRA. Proposal would extend the tax cuts in TPC's current policy baseline with the following exceptions and modifications: (1) raise statutory individual income tax rate to 39.6 percent on taxable income greater than \$450,000 for married couples filing a joint return (MFJ), \$400,000 for singles, and \$425,000 for heads of household (HoH), indexed for inflation after 2013; (2) reinstate the personal exemption phase-out (PEP) and the limitation on itemized deductions (Pease) for those with adjusted gross incomes greater than \$300,000 for MFJ, \$250,000 for singles, and \$275,000 for HoH, indexed for inflation after 2013; (3) raise rate on long-term capital gains and qualified dividends to 20 percent for those otherwise in the top 39.6 percent tax bracket; (4) raise estate tax rate from 35 to 40 percent; (4) set AMT exemption at \$78,750 for MFJ, \$50,600 for singles, indexed for inflation after 2012; (5) index the AMT exemption phase-out threshold and tax bracket threshold for inflation after 2012; (6) allow the American Opportunity Tax Credit to expire at the end of 2017 and reinstate the Hope Scholarship Credit for 2018 and thereafter; (7) allow the enhancements to the earned income tax credit and the child tax credit originally enacted in the 2009 stimulus legislation to expire at the end of 2017; (8) allow the sales tax deduction, the above-the-line deductions for education expenses, and the educator deduction to expire at the end of 2013. The analysis excludes the impact of certain business and other extenders. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 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 2012 dollars): 20% \$16,546; 40% \$29,947; 60% \$46,149; 80% \$70,529; 90% \$99,621; 95% \$139,412; 99% \$366,269; 99.9% \$2,304,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(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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American Taxpayer Relief Act (ATRA) Against pre-ATRA Law
Major Individual Income Tax and Estate Tax Provisions
Excludes Certain Business Extenders and Other Provisions
Baseline: Pre-ATRA Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2018 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 | 20.2 | 0.1 | 0.5 | 1.2 | -54 | -6.3 | 0.1 | 1.8 | -0.5 | 7.3 |
| Second Quintile | 53.8 | * | 1.3 | 5.7 | -289 | -9.3 | 0.0 | 5.6 | -1.1 | 10.9 |
| Middle Quintile | 89.5 | * | 1.7 | 10.5 | -587 | -8.2 | 0.1 | 11.9 | -1.4 | 15.6 |
| Fourth Quintile | 98.5 | 0.0 | 2.2 | 16.5 | -1,095 | -7.6 | 0.3 | 20.2 | -1.7 | 20.8 |
| Top Quintile | 99.1 | 0.1 | 4.6 | 66.1 | -5,163 | -10.0 | -0.5 | 60.4 | -3.2 | 28.6 |
| All | 66.2 | * | 2.9 | 100.0 | -1,131 | -9.2 | 0.0 | 100.0 | -2.2 | 21.8 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.1 | 0.0 | 3.6 | 17.4 | -2,476 | -10.1 | -0.2 | 15.8 | -2.7 | 23.9 |
| 90-95 | 99.3 | 0.0 | 4.2 | 13.7 | -3,849 | -10.6 | -0.2 | 11.7 | -3.0 | 25.3 |
| 95-99 | 99.2 | 0.0 | 7.2 | 20.6 | -11,123 | -15.3 | -0.8 | 11.5 | -4.9 | 27.1 |
| Top 1 Percent | 96.5 | 2.2 | 4.3 | 14.4 | -40,503 | -6.3 | 0.7 | 21.5 | -2.6 | 38.1 |
| Top 0.1 Percent | 82.7 | 17.0 | 2.1 | 3.5 | -95,781 | -2.9 | 0.8 | 12.0 | -1.2 | 41.4 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2018 ¹

| Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁵ | | Average Federal Tax Rate ⁶ | |
|---------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|--|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | | |
| Lowest Quintile | 18,589 | 25.7 | 10,887 | 5.4 | 850 | 1.8 | 10,037 | 6.6 | 7.8 | |
| Second Quintile | 16,029 | 22.1 | 25,989 | 11.2 | 3,128 | 5.6 | 22,861 | 13.0 | 12.0 | |
| Middle Quintile | 14,598 | 20.2 | 42,387 | 16.6 | 7,180 | 11.8 | 35,207 | 18.2 | 16.9 | |
| Fourth Quintile | 12,320 | 17.0 | 63,817 | 21.1 | 14,351 | 19.8 | 49,466 | 21.6 | 22.5 | |
| Top Quintile | 10,478 | 14.5 | 163,231 | 46.0 | 51,889 | 60.9 | 111,341 | 41.3 | 31.8 | |
| All | 72,413 | 100.0 | 51,364 | 100.0 | 12,322 | 100.0 | 39,042 | 100.0 | 24.0 | |
| Addendum | | | | | | | | | | |
| 80-90 | 5,760 | 8.0 | 92,873 | 14.4 | 24,633 | 15.9 | 68,240 | 13.9 | 26.5 | |
| 90-95 | 2,913 | 4.0 | 128,452 | 10.1 | 36,373 | 11.9 | 92,079 | 9.5 | 28.3 | |
| 95-99 | 1,513 | 2.1 | 227,105 | 9.2 | 72,545 | 12.3 | 154,560 | 8.3 | 31.9 | |
| Top 1 Percent | 291 | 0.4 | 1,571,526 | 12.3 | 639,163 | 20.9 | 932,363 | 9.6 | 40.7 | |
| Top 0.1 Percent | 30 | 0.0 | 7,803,555 | 6.3 | 3,324,453 | 11.2 | 4,479,102 | 4.8 | 42.6 | |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

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(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(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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Excludes Certain Business Extenders and Other Provisions
Baseline: Pre-ATRA Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2018 ¹
Detail Table - Married Tax Units Filing Jointly

| Cash Income Percentile ^{2,3} | Percent of Tax Units ⁴ | | Percent Change in After-Tax Income ⁵ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---------------------------------------|-----------------------------------|-------------------|-------------------------------------------------|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Lowest Quintile | 46.8 | 0.0 | 3.4 | 1.5 | -667 | -79.7 | -0.1 | 0.0 | -3.3 | 0.8 |
| Second Quintile | 74.4 | * | 3.5 | 5.0 | -1,422 | -23.1 | -0.3 | 1.8 | -3.1 | 10.2 |
| Middle Quintile | 88.9 | 0.0 | 3.2 | 10.1 | -1,960 | -16.4 | -0.4 | 5.6 | -2.7 | 13.8 |
| Fourth Quintile | 98.7 | 0.0 | 4.2 | 21.9 | -3,567 | -14.8 | -0.8 | 13.7 | -3.3 | 18.8 |
| Top Quintile | 99.6 | 0.2 | 3.6 | 61.5 | -8,007 | -7.8 | 1.7 | 78.8 | -2.5 | 29.2 |
| All | 88.6 | 0.1 | 3.7 | 100.0 | -4,034 | -9.8 | 0.0 | 100.0 | -2.7 | 24.7 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.7 | 0.0 | 4.0 | 16.7 | -4,440 | -12.2 | -0.4 | 13.0 | -3.0 | 21.8 |
| 90-95 | 99.8 | 0.0 | 4.8 | 13.5 | -7,542 | -12.6 | -0.3 | 10.1 | -3.5 | 24.2 |
| 95-99 | 99.7 | 0.0 | 4.9 | 20.0 | -11,700 | -11.3 | -0.3 | 16.9 | -3.4 | 26.8 |
| Top 1 Percent | 96.9 | 2.9 | 1.9 | 11.2 | -27,191 | -3.0 | 2.7 | 38.8 | -1.2 | 36.8 |
| Top 0.1 Percent | 82.5 | 17.3 | 1.1 | 3.1 | -76,787 | -1.7 | 1.6 | 19.5 | -0.7 | 38.9 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2018 ¹

| Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁵ | | Average Federal Tax Rate ⁶ | |
|---------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|--|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | | |
| Lowest Quintile | 5,655 | 8.9 | 20,312 | 1.2 | 837 | 0.2 | 19,475 | 1.6 | 4.1 | |
| Second Quintile | 9,037 | 14.2 | 46,436 | 4.4 | 6,164 | 2.1 | 40,271 | 5.2 | 13.3 | |
| Middle Quintile | 13,294 | 20.8 | 72,393 | 10.0 | 11,946 | 6.0 | 60,447 | 11.5 | 16.5 | |
| Fourth Quintile | 15,804 | 24.8 | 109,412 | 17.9 | 24,160 | 14.5 | 85,252 | 19.3 | 22.1 | |
| Top Quintile | 19,775 | 31.0 | 325,999 | 66.9 | 103,093 | 77.2 | 222,906 | 63.0 | 31.6 | |
| All | 63,854 | 100.0 | 150,965 | 100.0 | 41,384 | 100.0 | 109,581 | 100.0 | 27.4 | |
| Addendum | | | | | | | | | | |
| 80-90 | 9,686 | 15.2 | 146,806 | 14.8 | 36,468 | 13.4 | 110,339 | 15.3 | 24.8 | |
| 90-95 | 4,618 | 7.2 | 216,079 | 10.4 | 59,717 | 10.4 | 156,362 | 10.3 | 27.6 | |
| 95-99 | 4,406 | 6.9 | 342,875 | 15.7 | 103,415 | 17.2 | 239,460 | 15.1 | 30.2 | |
| Top 1 Percent | 1,065 | 1.7 | 2,362,214 | 26.1 | 895,664 | 36.1 | 1,466,550 | 22.3 | 37.9 | |
| Top 0.1 Percent | 105 | 0.2 | 11,338,152 | 12.4 | 4,489,612 | 17.9 | 6,848,540 | 10.3 | 39.6 | |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

(1) Calendar year. Baseline is current law before the passage of ATRA. Proposal would extend the tax cuts in TPC's current policy baseline with the following exceptions and modifications: (1) raise statutory individual income tax rate to 39.6 percent on taxable income greater than \$450,000 for married couples filing a joint return (MFJ), \$400,000 for singles, and \$425,000 for heads of household (HoH), indexed for inflation after 2013; (2) reinstate the personal exemption phase-out (PEP) and the limitation on itemized deductions (Pease) for those with adjusted gross incomes greater than \$300,000 for MFJ, \$250,000 for singles, and \$275,000 for HoH, indexed for inflation after 2013; (3) raise rate on long-term capital gains and qualified dividends to 20 percent for those otherwise in the top 39.6 percent tax bracket; (4) raise estate tax rate from 35 to 40 percent; (5) set AMT exemption at \$78,750 for MFJ, \$50,600 for singles, indexed for inflation after 2012; (6) index the AMT exemption phase-out threshold and tax bracket threshold for inflation after 2012; (7) allow the American Opportunity Tax Credit to expire at the end of 2017 and reinstate the Hope Scholarship Credit for 2018 and thereafter; (8) allow the enhancements to the earned income tax credit and the child tax credit originally enacted in the 2009 stimulus legislation to expire at the end of 2017; (9) allow the sales tax deduction, the above-the-line deductions for education expenses, and the educator deduction to expire at the end of 2013. The analysis excludes the impact of certain business and other extenders. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 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 2012 dollars): 20% \$16,546; 40% \$29,947; 60% \$46,149; 80% \$70,529; 90% \$99,621; 95% \$139,412; 99% \$366,269; 99.9% \$2,304,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0023
American Taxpayer Relief Act (ATRA) Against pre-ATRA Law
Major Individual Income Tax and Estate Tax Provisions
Excludes Certain Business Extenders and Other Provisions
Baseline: Pre-ATRA Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2018 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 | 44.8 | * | 2.1 | 10.5 | -398 | 69.3 | -2.3 | -4.6 | -2.2 | -5.3 |
| Second Quintile | 92.4 | 0.1 | 3.8 | 29.2 | -1,351 | -25.6 | -2.1 | 15.2 | -3.3 | 9.7 |
| Middle Quintile | 97.3 | * | 3.7 | 24.3 | -1,812 | -14.7 | 0.2 | 25.5 | -2.9 | 17.1 |
| Fourth Quintile | 99.6 | 0.0 | 3.6 | 18.9 | -2,419 | -11.7 | 1.0 | 25.7 | -2.7 | 20.7 |
| Top Quintile | 99.0 | 0.1 | 3.1 | 17.0 | -4,314 | -7.4 | 3.2 | 38.1 | -2.2 | 27.3 |
| All | 77.1 | * | 3.3 | 100.0 | -1,363 | -15.2 | 0.0 | 100.0 | -2.7 | 15.3 |
| Addendum | | | | | | | | | | |
| 80-90 | 98.9 | * | 3.3 | 7.9 | -3,004 | -9.5 | 0.9 | 13.6 | -2.5 | 23.4 |
| 90-95 | 99.4 | 0.0 | 3.7 | 3.2 | -4,361 | -9.5 | 0.3 | 5.4 | -2.7 | 25.2 |
| 95-99 | 99.9 | 0.0 | 3.8 | 4.0 | -8,084 | -9.1 | 0.5 | 7.2 | -2.7 | 27.0 |
| Top 1 Percent | 96.6 | 2.8 | 1.6 | 2.0 | -20,832 | -2.9 | 1.5 | 12.0 | -1.0 | 35.5 |
| Top 0.1 Percent | 77.1 | 22.8 | 0.6 | 0.3 | -41,802 | -1.0 | 0.8 | 5.8 | -0.4 | 37.7 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2018 ¹

| Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁵ | | Average Federal Tax Rate ⁶ |
|---------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Lowest Quintile | 8,916 | 36.0 | 18,299 | 13.2 | -574 | -2.3 | 18,872 | 16.7 | -3.1 |
| Second Quintile | 7,289 | 29.4 | 40,483 | 24.0 | 5,277 | 17.4 | 35,206 | 25.4 | 13.0 |
| Middle Quintile | 4,533 | 18.3 | 61,854 | 22.8 | 12,363 | 25.3 | 49,491 | 22.2 | 20.0 |
| Fourth Quintile | 2,639 | 10.7 | 88,517 | 19.0 | 20,723 | 24.7 | 67,794 | 17.7 | 23.4 |
| Top Quintile | 1,330 | 5.4 | 197,293 | 21.3 | 58,178 | 34.9 | 139,115 | 18.3 | 29.5 |
| All | 24,767 | 100.0 | 49,759 | 100.0 | 8,950 | 100.0 | 40,809 | 100.0 | 18.0 |
| Addendum | | | | | | | | | |
| 80-90 | 887 | 3.6 | 122,576 | 8.8 | 31,739 | 12.7 | 90,837 | 8.0 | 25.9 |
| 90-95 | 245 | 1.0 | 164,321 | 3.3 | 45,797 | 5.1 | 118,525 | 2.9 | 27.9 |
| 95-99 | 166 | 0.7 | 300,292 | 4.0 | 89,182 | 6.7 | 211,110 | 3.5 | 29.7 |
| Top 1 Percent | 32 | 0.1 | 2,001,644 | 5.2 | 730,606 | 10.5 | 1,271,038 | 4.0 | 36.5 |
| Top 0.1 Percent | 3 | 0.0 | 10,616,661 | 2.3 | 4,039,545 | 4.9 | 6,577,116 | 1.8 | 38.1 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

(1) Calendar year. Baseline is current law before the passage of ATRA. Proposal would extend the tax cuts in TPC's current policy baseline with the following exceptions and modifications: (1) raise statutory individual income tax rate to 39.6 percent on taxable income greater than \$450,000 for married couples filing a joint return (MFJ), \$400,000 for singles, and \$425,000 for heads of household (HoH), indexed for inflation after 2013; (2) reinstate the personal exemption phase-out (PEP) and the limitation on itemized deductions (Pease) for those with adjusted gross incomes greater than \$300,000 for MFJ, \$250,000 for singles, and \$275,000 for HoH, indexed for inflation after 2013; (3) raise rate on long-term capital gains and qualified dividends to 20 percent for those otherwise in the top 39.6 percent tax bracket; (4) raise estate tax rate from 35 to 40 percent; (5) set AMT exemption at \$78,750 for MFJ, \$50,600 for singles, indexed for inflation after 2012; (6) index the AMT exemption phase-out threshold and tax bracket threshold for inflation after 2012; (7) allow the American Opportunity Tax Credit to expire at the end of 2017 and reinstate the Hope Scholarship Credit for 2018 and thereafter; (8) allow the enhancements to the earned income tax credit and the child tax credit originally enacted in the 2009 stimulus legislation to expire at the end of 2017; (9) allow the sales tax deduction, the above-the-line deductions for education expenses, and the educator deduction to expire at the end of 2013. The analysis excludes the impact of certain business and other extenders. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T11-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 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 2012 dollars): 20% \$16,546; 40% \$29,947; 60% \$46,149; 80% \$70,529; 90% \$99,621; 95% \$139,412; 99% \$366,269; 99.9% \$2,304,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0023
American Taxpayer Relief Act (ATRA) Against pre-ATRA Law
Major Individual Income Tax and Estate Tax Provisions
Excludes Certain Business Tax and Other Provisions
Baseline: Pre-ATRA Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2018 ¹
Detail Table - Tax Units with Children

| Cash Income Percentile ^{2,3} | Percent of Tax Units ⁴ | | Percent Change in After-Tax Income ⁵ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---------------------------------------|-----------------------------------|-------------------|-------------------------------------------------|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Lowest Quintile | 50.8 | * | 3.0 | 4.0 | -604 | 93.2 | -0.6 | -1.1 | -3.1 | -6.4 |
| Second Quintile | 95.2 | * | 4.6 | 11.5 | -1,830 | -27.8 | -0.9 | 4.0 | -4.0 | 10.3 |
| Middle Quintile | 98.8 | * | 4.6 | 15.7 | -2,848 | -17.8 | -0.7 | 9.7 | -3.7 | 17.1 |
| Fourth Quintile | 99.8 | 0.0 | 5.4 | 27.3 | -4,815 | -16.4 | -1.0 | 18.6 | -4.1 | 20.7 |
| Top Quintile | 99.6 | 0.3 | 3.6 | 41.5 | -9,158 | -7.5 | 3.2 | 68.7 | -2.4 | 30.2 |
| All | 87.1 | 0.1 | 4.2 | 100.0 | -3,490 | -11.8 | 0.0 | 100.0 | -3.1 | 23.3 |
| Addendum | | | | | | | | | | |
| 80-90 | 99.9 | 0.0 | 4.7 | 12.6 | -5,775 | -12.5 | -0.1 | 11.8 | -3.4 | 23.7 |
| 90-95 | 99.9 | 0.1 | 5.6 | 12.4 | -9,919 | -13.5 | -0.2 | 10.7 | -4.0 | 25.4 |
| 95-99 | 99.3 | 0.4 | 4.4 | 10.9 | -12,664 | -9.5 | 0.4 | 14.0 | -3.0 | 28.6 |
| Top 1 Percent | 96.4 | 3.3 | 1.4 | 5.6 | -23,514 | -2.3 | 3.2 | 32.3 | -0.9 | 37.1 |
| Top 0.1 Percent | 81.3 | 18.6 | 0.7 | 1.2 | -53,435 | -1.1 | 1.7 | 15.3 | -0.4 | 38.8 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2018 ¹

| Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁵ | | Average Federal Tax Rate ⁶ |
|---------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Lowest Quintile | 12,067 | 23.0 | 19,514 | 4.0 | -648 | -0.5 | 20,163 | 5.6 | -3.3 |
| Second Quintile | 11,465 | 21.8 | 46,337 | 9.0 | 6,590 | 4.9 | 39,748 | 10.5 | 14.2 |
| Middle Quintile | 10,117 | 19.3 | 77,367 | 13.3 | 16,036 | 10.5 | 61,332 | 14.4 | 20.7 |
| Fourth Quintile | 10,372 | 19.8 | 118,855 | 21.0 | 29,373 | 19.6 | 89,483 | 21.5 | 24.7 |
| Top Quintile | 8,308 | 15.8 | 374,720 | 53.0 | 122,322 | 65.5 | 252,398 | 48.5 | 32.6 |
| All | 52,505 | 100.0 | 111,923 | 100.0 | 29,568 | 100.0 | 82,356 | 100.0 | 26.4 |
| Addendum | | | | | | | | | |
| 80-90 | 3,996 | 7.6 | 170,046 | 11.6 | 46,122 | 11.9 | 123,925 | 11.5 | 27.1 |
| 90-95 | 2,297 | 4.4 | 249,645 | 9.8 | 73,430 | 10.9 | 176,215 | 9.4 | 29.4 |
| 95-99 | 1,582 | 3.0 | 422,940 | 11.4 | 133,698 | 13.6 | 289,242 | 10.6 | 31.6 |
| Top 1 Percent | 434 | 0.8 | 2,745,554 | 20.3 | 1,041,263 | 29.1 | 1,704,291 | 17.1 | 37.9 |
| Top 0.1 Percent | 42 | 0.1 | 13,027,260 | 9.2 | 5,113,314 | 13.7 | 7,913,946 | 7.6 | 39.3 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

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 before the passage of ATRA. Proposal would extend the tax cuts in TPC's current policy baseline with the following exceptions and modifications: (1) raise statutory individual income tax rate to 39.6 percent on taxable income greater than \$450,000 for married couples filing a joint return (MFJ), \$400,000 for singles, and \$425,000 for heads of household (HoH), indexed for inflation after 2013; (2) reinstate the personal exemption phase-out (PEP) and the limitation on itemized deductions (Pease) for those with adjusted gross incomes greater than \$300,000 for MFJ, \$250,000 for singles, and \$275,000 for HoH, indexed for inflation after 2013; (3) raise rate on long-term capital gains and qualified dividends to 20 percent for those otherwise in the top 39.6 percent tax bracket; (4) raise estate tax rate from 35 to 40 percent; (4) set AMT exemption at \$78,750 for MFJ, \$50,600 for singles, indexed for inflation after 2012; (5) index the AMT exemption phase-out threshold and tax bracket threshold for inflation after 2012; (6) allow the American Opportunity Tax Credit to expire at the end of 2017 and reinstate the Hope Scholarship Credit for 2018 and thereafter; (7) allow the enhancements to the earned income tax credit and the child tax credit originally enacted in the 2009 stimulus legislation to expire at the end of 2017; (8) allow the sales tax deduction, the above-the-line deductions for education expenses, and the educator deduction to expire at the end of 2013. The analysis excludes the impact of certain business and other extenders. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T13-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 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 2012 dollars): 20% \$16,546; 40% \$29,947; 60% \$46,149; 80% \$70,529; 90% \$99,621; 95% \$139,412; 99% \$366,269; 99.9% \$2,304,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(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 T13-0023
American Taxpayer Relief Act (ATRA) Against pre-ATRA Law
Major Individual Income Tax and Estate Tax Provisions
Excludes Certain Business Extenders and Other Provisions
Baseline: Pre-ATRA Current Law
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2018 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 | 2.4 | 0.0 | 0.2 | 0.1 | -23 | -15.9 | 0.0 | 0.1 | -0.2 | 0.9 |
| Second Quintile | 14.3 | 0.0 | 0.6 | 1.5 | -155 | -17.9 | -0.1 | 1.0 | -0.5 | 2.4 |
| Middle Quintile | 75.0 | 0.0 | 1.6 | 7.8 | -763 | -20.6 | -0.4 | 4.7 | -1.5 | 5.7 |
| Fourth Quintile | 96.2 | 0.0 | 2.9 | 14.7 | -1,963 | -17.6 | -0.5 | 10.7 | -2.5 | 11.7 |
| Top Quintile | 98.9 | 0.2 | 5.4 | 75.8 | -9,644 | -12.3 | 1.0 | 83.5 | -3.7 | 26.7 |
| All | 58.9 | 0.1 | 3.6 | 100.0 | -2,438 | -13.4 | 0.0 | 100.0 | -2.9 | 18.5 |
| Addendum | | | | | | | | | | |
| 80-90 | 98.8 | 0.0 | 4.9 | 18.0 | -4,505 | -19.7 | -0.9 | 11.4 | -3.9 | 15.9 |
| 90-95 | 99.3 | 0.0 | 5.8 | 12.3 | -7,071 | -18.4 | -0.5 | 8.4 | -4.4 | 19.6 |
| 95-99 | 99.2 | 0.3 | 7.6 | 25.9 | -15,140 | -18.7 | -1.1 | 17.4 | -5.4 | 23.6 |
| Top 1 Percent | 96.1 | 3.3 | 4.0 | 19.6 | -47,807 | -6.1 | 3.6 | 46.3 | -2.4 | 37.0 |
| Top 0.1 Percent | 79.9 | 19.8 | 2.5 | 5.9 | -139,421 | -3.6 | 2.5 | 24.8 | -1.5 | 40.0 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile Adjusted for Family Size, 2018 ¹

| Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁵ | | Average Federal Tax Rate ⁶ |
|---------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Lowest Quintile | 5,565 | 14.6 | 13,540 | 2.3 | 148 | 0.1 | 13,392 | 2.9 | 1.1 |
| Second Quintile | 8,758 | 22.9 | 29,061 | 7.8 | 862 | 1.1 | 28,199 | 9.6 | 3.0 |
| Middle Quintile | 9,586 | 25.1 | 51,552 | 15.1 | 3,702 | 5.1 | 47,850 | 17.9 | 7.2 |
| Fourth Quintile | 6,989 | 18.3 | 78,807 | 16.9 | 11,171 | 11.2 | 67,637 | 18.4 | 14.2 |
| Top Quintile | 7,329 | 19.2 | 258,274 | 58.0 | 78,494 | 82.5 | 179,780 | 51.3 | 30.4 |
| All | 38,257 | 100.0 | 85,313 | 100.0 | 18,236 | 100.0 | 67,077 | 100.0 | 21.4 |
| Addendum | | | | | | | | | |
| 80-90 | 3,736 | 9.8 | 115,724 | 13.2 | 22,910 | 12.3 | 92,814 | 13.5 | 19.8 |
| 90-95 | 1,616 | 4.2 | 159,820 | 7.9 | 38,375 | 8.9 | 121,445 | 7.7 | 24.0 |
| 95-99 | 1,595 | 4.2 | 279,468 | 13.7 | 81,076 | 18.5 | 198,392 | 12.3 | 29.0 |
| Top 1 Percent | 382 | 1.0 | 1,979,702 | 23.2 | 780,762 | 42.8 | 1,198,940 | 17.9 | 39.4 |
| Top 0.1 Percent | 40 | 0.1 | 9,434,256 | 11.5 | 3,909,434 | 22.2 | 5,524,822 | 8.5 | 41.4 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

* Less than 0.05

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 before the passage of ATRA. Proposal would extend the tax cuts in TPC's current policy baseline with the following exceptions and modifications: (1) raise statutory individual income tax rate to 39.6 percent on taxable income greater than \$450,000 for married couples filing a joint return (MFJ), \$400,000 for singles, and \$425,000 for heads of household (HoH), indexed for inflation after 2013; (2) reinstate the personal exemption phase-out (PEP) and the limitation on itemized deductions (Pease) for those with adjusted gross incomes greater than \$300,000 for MFJ, \$250,000 for singles, and \$275,000 for HoH, indexed for inflation after 2013; (3) raise rate on long-term capital gains and qualified dividends to 20 percent for those otherwise in the top 39.6 percent tax bracket; (4) raise estate tax rate from 35 to 40 percent; (4) set AMT exemption at \$78,750 for MFJ, \$50,600 for singles, indexed for inflation after 2012; (5) index the AMT exemption phase-out threshold and tax bracket threshold for inflation after 2012; (6) allow the American Opportunity Tax Credit to expire at the end of 2017 and reinstate the Hope Scholarship Credit for 2018 and thereafter; (7) allow the enhancements to the earned income tax credit and the child tax credit originally enacted in the 2009 stimulus legislation to expire at the end of 2017; (8) allow the sales tax deduction, the above-the-line deductions for education expenses, and the educator deduction to expire at the end of 2013. The analysis excludes the impact of certain business and other extenders. For a description of TPC's current law and current policy baselines, see <http://www.taxpolicycenter.org/T13-0270>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 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 2012 dollars): 20% \$16,546; 40% \$29,947; 60% \$46,149; 80% \$70,529; 90% \$99,621; 95% \$139,412; 99% \$366,269; 99.9% \$2,304,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(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.