

Table T03-0149
Remove Individual Income Tax Sunsets in EGTRRA, JCWA, and JGTRRA:
Distribution of Individual Income and Payroll Tax Changes by Percentiles, 2011¹

| Income Class ² | Percent Change in After-Tax Income due to Income & Payroll Tax Change ³ | Percent of Total Income and Payroll Tax Change | Average Income and Payroll Tax Change (2002\$) | Effective Income and Payroll Tax Rate ⁴ | | Share of Income and Payroll Tax ⁴ | | Average Income and Payroll Tax (2002\$) ⁴ | |
|---------------------------|--|--|--|--|----------|--|----------|--|----------|
| | | | | Pre-EGTRRA | Proposal | Pre-EGTRRA | Proposal | Pre-EGTRRA | Proposal |
| Lowest Quintile | 0.2 | 0.2 | -11 | 1.7 | 1.5 | 0.1 | 0.1 | 98 | 87 |
| Second Quintile | 2.1 | 4.4 | -318 | 8.8 | 6.9 | 2.2 | 1.9 | 1,477 | 1,159 |
| Middle Quintile | 2.5 | 8.9 | -643 | 18.0 | 15.9 | 8.4 | 8.3 | 5,675 | 5,033 |
| Fourth Quintile | 2.8 | 17.5 | -1,262 | 21.6 | 19.5 | 18.8 | 19.0 | 12,766 | 11,504 |
| Next 10 Percent | 3.8 | 18.9 | -2,726 | 24.3 | 21.5 | 17.6 | 17.4 | 23,827 | 21,102 |
| Next 5 Percent | 3.2 | 11.2 | -3,237 | 25.6 | 23.3 | 13.3 | 13.5 | 36,055 | 32,818 |
| Next 4 Percent | 2.5 | 11.5 | -4,156 | 25.9 | 24.2 | 18.3 | 19.1 | 62,031 | 57,875 |
| Top 1 Percent | 5.1 | 27.3 | -39,294 | 25.3 | 21.9 | 21.3 | 20.5 | 288,349 | 249,055 |
| All | 3.2 | 100.0 | -1,441 | 22.6 | 20.2 | 100.0 | 100.0 | 13,561 | 12,120 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0503-1) and TPC calculations based on Treasury, CBO, and JCT data.

(1) Calendar year. Baseline is current law. Includes removing sunsets for the tax provisions in EGTRRA, the Job Creation and Worker Assistance Act of 2002 and the Jobs and Growth Tax Relief Reconciliation Act of 2003 affecting: marginal tax rate reductions; the 10-percent bracket; the child tax credit; the child and dependent care credit; the AMT exemption; the allowance of personal nonrefundable credits regardless of AMT liability; the personal exemption phaseout (PEP); the limitation on itemized deductions (Pease); the standard deduction, 15-percent bracket, and EITC expansion for married couples; tax rates on long-term capital gains and dividends (15 percent; 0 percent for those in the 10- and 15-percent tax brackets). Excludes pension and IRA provisions; corporate tax provisions, and estate tax provisions.

(2) Income concept is AGI plus the nontaxable portion of social security and pension income, tax-exempt interest, corporate tax liability, and employer share of payroll tax (social security and medicare). Tax units with negative income are excluded from the lowest quintile but are included in the totals. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis. Percentiles begin at income (in 2002\$) of: second quintile \$11,350; middle quintile \$22,955; fourth quintile \$42,013; next 10 percent \$80,904; next 5 percent \$120,634; next 4 percent \$168,216; and top 1 percent \$416,388.

(3) After-tax income is income as defined in note (2) less individual income tax net of refundable credits, corporate income tax, payroll tax, and estate tax.

(4) Includes individual income tax (net of refundable credits) plus the employee and employer share of social security and medicare taxes.