

Table T05-0287
Extending Treatment of Personal Credits Against the AMT:
Distribution of Federal Tax Change by Cash Income Class, 2006 ¹

| Cash Income Class (thousands of 2005 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|----------------------|--|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Less than 10 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.2 | 0.0 | 3.8 |
| 10-20 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 1.0 | 0.0 | 4.7 |
| 20-30 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 2.7 | 0.0 | 10.0 |
| 30-40 | 0.1 | 0.0 | 0.0 | 0.2 | 0 | 0.0 | 0.0 | 4.1 | 0.0 | 14.4 |
| 40-50 | 0.7 | 0.0 | 0.0 | 1.7 | -4 | -0.1 | 0.0 | 4.7 | 0.0 | 16.7 |
| 50-75 | 2.8 | 0.0 | 0.0 | 13.7 | -17 | -0.2 | 0.0 | 12.7 | 0.0 | 18.5 |
| 75-100 | 9.7 | 0.0 | 0.1 | 36.2 | -78 | -0.4 | 0.0 | 11.4 | -0.1 | 20.2 |
| 100-200 | 12.4 | 0.0 | 0.1 | 42.3 | -74 | -0.2 | 0.0 | 24.6 | -0.1 | 23.0 |
| 200-500 | 6.6 | 0.0 | 0.0 | 5.5 | -37 | -0.1 | 0.0 | 15.7 | 0.0 | 26.1 |
| 500-1,000 | 2.2 | 0.0 | 0.0 | 0.3 | -12 | 0.0 | 0.0 | 6.4 | 0.0 | 26.9 |
| More than 1,000 | 0.5 | 0.0 | 0.0 | 0.1 | -4 | 0.0 | 0.0 | 16.4 | 0.0 | 30.8 |
| All | 2.8 | 0.0 | 0.0 | 100.0 | -18 | -0.1 | 0.0 | 100.0 | 0.0 | 21.0 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2006 ¹

| Cash Income Class (thousands of 2005 dollars) ² | Tax Units ³ | | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After-Tax Income ⁴ (Dollars) | Average Federal Tax Rate ⁵ | Share of Pre- | Share of Post- | Share of |
|--|------------------------|---------------------|--------------------------------|---|--|---|-----------------------------------|-----------------------------------|--------------------------------------|
| | Number (thousands) | Percent of Total | | | | | Tax Income Percent of Total | Tax Income Percent of Total | Federal Taxes Percent of Total |
| Less than 10 | 18,886 | 12.9 | 5,743 | 217 | 5,527 | 3.8 | 1.2 | 1.4 | 0.2 |
| 10-20 | 25,413 | 17.4 | 15,208 | 721 | 14,487 | 4.7 | 4.2 | 5.1 | 1.0 |
| 20-30 | 20,374 | 13.9 | 25,206 | 2,521 | 22,686 | 10.0 | 5.6 | 6.4 | 2.7 |
| 30-40 | 15,429 | 10.5 | 35,525 | 5,106 | 30,418 | 14.4 | 5.9 | 6.5 | 4.1 |
| 40-50 | 11,963 | 8.2 | 45,636 | 7,630 | 38,007 | 16.7 | 5.9 | 6.3 | 4.7 |
| 50-75 | 21,121 | 14.4 | 62,649 | 11,628 | 51,021 | 18.6 | 14.4 | 14.8 | 12.7 |
| 75-100 | 12,455 | 8.5 | 87,930 | 17,852 | 70,078 | 20.3 | 11.9 | 12.0 | 11.5 |
| 100-200 | 15,196 | 10.4 | 136,287 | 31,431 | 104,855 | 23.1 | 22.5 | 21.9 | 24.6 |
| 200-500 | 3,988 | 2.7 | 292,415 | 76,262 | 216,152 | 26.1 | 12.7 | 11.8 | 15.7 |
| 500-1,000 | 668 | 0.5 | 690,594 | 185,952 | 504,641 | 26.9 | 5.0 | 4.6 | 6.4 |
| More than 1,000 | 345 | 0.2 | 2,994,463 | 921,837 | 2,072,626 | 30.8 | 11.2 | 9.8 | 16.4 |
| All | 146,417 | 100.0 | 62,970 | 13,245 | 49,725 | 21.0 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

(1) Baseline is current law. Provisions include: extending the treatment of non-refundable personal credits against the AMT.

(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) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) 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.

(5) 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.