

Table T05-0290
Extending the Higher AMT Exemption Levels:
Distribution of Federal Tax Change by Cash Income Percentile, 2006¹

Cash Income Percentile 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
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.4	0.0	3.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.3	0.0	7.5
Middle Quintile	0.4	0.0	0.0	0.2	-2	0.0	0.1	7.9	0.0	14.4
Fourth Quintile	5.5	0.0	0.1	3.8	-35	-0.3	0.2	17.7	-0.1	18.5
Top Quintile	54.1	0.4	0.6	96.0	-875	-1.8	-0.3	71.5	-0.5	24.6
All	12.0	0.1	0.4	100.0	-182	-1.4	0.0	100.0	-0.3	20.7
Addendum										
Top 10 Percent	68.8	0.6	0.7	75.4	-1,375	-1.9	-0.3	56.0	-0.5	26.0
Top 5 Percent	71.2	1.1	0.6	48.0	-1,750	-1.5	-0.1	43.9	-0.4	27.1
Top 1 Percent	22.5	0.9	0.1	2.6	-466	-0.1	0.3	26.0	0.0	29.2
Top 0.5 Percent	7.8	0.5	0.0	0.4	-142	0.0	0.3	21.0	0.0	30.0
Top 0.1 Percent	2.3	1.0	0.0	0.0	-47	0.0	0.2	12.7	0.0	31.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2006¹

Cash Income Percentile 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-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	28,703	19.6	7,923	265	7,659	3.3	2.5	3.0	0.4
Second Quintile	29,289	20.0	20,116	1,510	18,606	7.5	6.4	7.5	2.3
Middle Quintile	29,279	20.0	35,940	5,170	30,770	14.4	11.4	12.4	7.8
Fourth Quintile	29,283	20.0	62,270	11,559	50,711	18.6	19.8	20.4	17.5
Top Quintile	29,282	20.0	189,863	47,514	142,350	25.0	60.3	57.2	71.8
All	146,417	100.0	62,970	13,227	49,743	21.0	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,642	10.0	281,205	74,401	206,804	26.5	44.7	41.6	56.3
Top 5 Percent	7,323	5.0	421,832	116,168	305,665	27.5	33.5	30.7	43.9
Top 1 Percent	1,464	1.0	1,159,675	339,585	820,090	29.3	18.4	16.5	25.7
Top 0.5 Percent	732	0.5	1,825,082	547,025	1,278,057	30.0	14.5	12.9	20.7
Top 0.1 Percent	146	0.1	5,274,153	1,656,700	3,617,454	31.4	8.4	7.3	12.5

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

(1) Baseline is current law plus extending the treatment of personal credits against the AMT. Provisions include: extending the higher exemption levels of the AMT (\$58,000 for married filing jointly and \$40,250 for others).

(2) Tax units with negative cash income are excluded from the lowest quintile 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.