

Table T06-0053
Partial Repeal of the Personal Exemption Phaseout (PEP) and the Limitation on Itemized Deductions (Pease)
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	0.0	0.0	0.0	0.0	0	0.0	0.0	7.8	0.0	14.4
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	17.5	0.0	18.6
Top Quintile	4.5	0.0	0.1	100.0	-108	-0.2	-0.1	71.9	-0.1	25.1
All	0.9	0.0	0.0	100.0	-22	-0.2	0.0	100.0	0.0	21.0
Addendum										
Top 10 Percent	8.8	0.0	0.1	100.0	-216	-0.3	-0.1	56.2	-0.1	26.5
Top 5 Percent	17.1	0.1	0.1	100.0	-431	-0.4	-0.1	43.9	-0.1	27.6
Top 1 Percent	47.4	0.2	0.3	96.2	-2,074	-0.6	-0.1	25.6	-0.2	29.3
Top 0.5 Percent	65.7	0.1	0.3	84.2	-3,629	-0.7	-0.1	20.7	-0.2	30.0
Top 0.1 Percent	74.9	0.1	0.3	45.7	-9,847	-0.6	-0.1	12.5	-0.2	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 Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	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	5,171	30,769	14.4	11.4	12.4	7.8
Fourth Quintile	29,283	20.0	62,270	11,578	50,693	18.6	19.8	20.4	17.5
Top Quintile	29,282	20.0	189,863	47,693	142,170	25.1	60.3	57.2	71.9
All	146,417	100.0	62,970	13,266	49,703	21.1	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,642	10.0	281,205	74,663	206,542	26.6	44.7	41.6	56.3
Top 5 Percent	7,323	5.0	421,832	116,635	305,197	27.7	33.5	30.7	44.0
Top 1 Percent	1,464	1.0	1,159,675	341,673	818,002	29.5	18.4	16.5	25.8
Top 0.5 Percent	732	0.5	1,825,082	550,661	1,274,421	30.2	14.5	12.8	20.8
Top 0.1 Percent	146	0.1	5,274,153	1,666,549	3,607,604	31.6	8.4	7.3	12.6

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

Number of AMT Taxpayers (millions). Baseline: 18.8 Proposal: 18.9

(1) Calendar year. Provision reduces PEP and Pease by 1/3 of their current-law values. Baseline is current law without this provision.

(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.