

Table T06-0112
Reported Baucus Estate Tax Compromise -- Extremely Preliminary
Distribution of Federal Tax Change by Cash Income Percentile, 2010¹

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	0.1	0	0.1	0.0	0.5	0.0	3.9
Second Quintile	0.0	0.0	0.0	0.2	1	0.0	0.0	2.6	0.0	8.6
Middle Quintile	0.0	0.0	0.0	0.3	1	0.0	0.0	8.0	0.0	15.3
Fourth Quintile	0.0	0.0	0.0	0.5	2	0.0	-0.1	17.7	0.0	19.7
Top Quintile	0.0	0.0	-0.2	93.7	302	0.5	0.1	71.2	0.1	25.9
All	0.0	0.0	-0.1	100.0	64	0.4	0.0	100.0	0.1	21.9
Addendum										
Top 10 Percent	0.0	0.1	-0.3	93.5	603	0.7	0.2	55.3	0.2	27.1
Top 5 Percent	0.0	0.1	-0.3	91.6	1,180	0.9	0.2	42.8	0.2	28.0
Top 1 Percent	0.0	0.2	-0.5	76.1	4,905	1.3	0.2	24.4	0.4	29.2
Top 0.5 Percent	0.0	0.4	-0.6	69.2	8,927	1.4	0.2	19.6	0.4	29.9
Top 0.1 Percent	0.0	0.5	-0.7	47.9	30,901	1.7	0.1	11.8	0.5	31.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2010¹

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	30,240	19.6	9,537	369	9,168	3.9	2.5	3.1	0.5
Second Quintile	30,835	20.0	23,976	2,071	21,905	8.6	6.5	7.6	2.6
Middle Quintile	30,835	20.0	42,047	6,419	35,628	15.3	11.4	12.4	8.0
Fourth Quintile	30,831	20.0	72,549	14,256	58,293	19.7	19.7	20.2	17.7
Top Quintile	30,835	20.0	221,837	57,125	164,712	25.8	60.2	57.2	71.1
All	154,170	100.0	73,696	16,069	57,627	21.8	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,417	10.0	328,475	88,548	239,927	27.0	44.6	41.6	55.1
Top 5 Percent	7,708	5.0	492,486	136,779	355,707	27.8	33.4	30.9	42.6
Top 1 Percent	1,542	1.0	1,348,695	388,570	960,125	28.8	18.3	16.7	24.2
Top 0.5 Percent	771	0.5	2,117,197	623,655	1,493,542	29.5	14.4	13.0	19.4
Top 0.1 Percent	154	0.1	6,060,561	1,878,456	4,182,105	31.0	8.2	7.3	11.7

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

(1) Calendar year. Baseline is current law. Provisions include: \$3.5 million effective exemption; statutory rate of 15 percent on taxable estate up to \$5 million, 25 percent on taxable estate between \$5 million and \$10 million, 35 percent on taxable estate greater than \$10 million.

(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.