

Table T06-0116
Reported Baucus Estate Tax Compromise -- Extremely Preliminary
Distribution of Federal Tax Change by Cash Income Percentile, 2011¹

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	0.1	0.5	-5	-1.2	0.0	0.5	-0.1	4.3
Second Quintile	0.0	0.0	0.0	1.0	-10	-0.4	0.0	2.9	0.0	10.6
Middle Quintile	0.0	0.0	0.1	2.4	-23	-0.3	0.1	8.3	-0.1	17.1
Fourth Quintile	0.0	0.0	0.0	2.8	-26	-0.2	0.2	17.8	0.0	21.4
Top Quintile	0.1	0.0	0.5	92.1	-875	-1.4	-0.2	70.4	-0.4	27.5
All	0.0	0.0	0.3	100.0	-190	-1.0	0.0	100.0	-0.3	23.6
Addendum										
Top 10 Percent	0.2	0.0	0.6	79.6	-1,513	-1.5	-0.3	54.4	-0.4	28.8
Top 5 Percent	0.2	0.0	0.6	58.4	-2,220	-1.4	-0.2	42.2	-0.4	29.8
Top 1 Percent	0.4	0.0	0.6	30.1	-5,715	-1.3	-0.1	24.6	-0.4	31.7
Top 0.5 Percent	0.6	0.0	0.6	22.6	-8,607	-1.2	0.0	19.8	-0.4	32.6
Top 0.1 Percent	0.7	0.0	0.4	9.4	-17,868	-0.8	0.0	11.9	-0.3	34.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2011¹

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	30,620	19.6	9,918	431	9,488	4.3	2.5	3.2	0.5
Second Quintile	31,187	20.0	24,924	2,651	22,273	10.6	6.5	7.6	2.9
Middle Quintile	31,196	20.0	43,588	7,488	36,100	17.2	11.4	12.4	8.2
Fourth Quintile	31,195	20.0	75,268	16,139	59,129	21.4	19.7	20.3	17.7
Top Quintile	31,197	20.0	230,709	64,407	166,302	27.9	60.3	57.0	70.6
All	155,984	100.0	76,577	18,250	58,327	23.8	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,599	10.0	341,597	99,777	241,821	29.2	44.6	41.5	54.7
Top 5 Percent	7,799	5.0	511,855	154,649	357,207	30.2	33.4	30.6	42.4
Top 1 Percent	1,560	1.0	1,399,560	449,796	949,764	32.1	18.3	16.3	24.7
Top 0.5 Percent	780	0.5	2,196,271	724,313	1,471,958	33.0	14.3	12.6	19.8
Top 0.1 Percent	156	0.1	6,282,927	2,161,703	4,121,224	34.4	8.2	7.1	11.9

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; replace the state death tax credit with a deduction for state estate taxes paid; and repeal the 5-percent surtax.

(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.