# THE INDIVIDUAL ALTERNATIVE MINIMUM TAX: HISTORICAL DATA AND PROJECTIONS, UPDATED OCTOBER 2009

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# The Individual Alternative Minimum Tax: Historical Data and Projections, Updated October 2009

Congress originally enacted a minimum tax in 1969 to guarantee that high-income individuals paid at least a minimal amount of tax each year.[1] Due to design flaws, however, the current alternative minimum tax (AMT) requires annual congressional action to prevent it from affecting tens of millions of taxpayers each year. One reason for the expansion of the AMT is that—unlike the regular income tax system—the AMT brackets and exemption are not indexed for inflation. In addition, the tax cuts passed during the Bush administration exacerbate the AMT problem because they reduce regular income taxes without a corresponding permanent reduction in the AMT. Absent another temporary fix or other change in law, the tax cuts and lack of indexation will combine to push more than 27 million taxpayers onto the AMT in 2010. If Congress extends the Bush tax cuts, that number would swell to almost 52 million by 2020. Alternatively, if Congress allows all of the tax cuts to expire—which is highly unlikely—the number of AMT taxpayers would fall dramatically in 2011, but then trend back upward over time to hit more than 37 million taxpayers by 2020. Regardless of how Congress deals with the coming expiration of the Bush tax cuts, policymakers will also need to address the explosive growth of the AMT from an obscure tax affecting only 20,000 filers in 1970 to one that could affect nearly a third of all taxpayers in 2010.

The Tax Policy Center (TPC) has written extensively about the AMT.[2] This paper briefly describes how the AMT works and provides the TPC's latest estimates of AMT coverage, revenue, and distribution.[3]

## 1. How the AMT Works

The individual AMT operates parallel to the regular income tax: it applies a different income definition and rate structure, and allows different deductions, exemptions, and credits.[4] After calculating regular tax liability, taxpayers must calculate their "tentative AMT" under the alternative rules and rates and pay the larger amount. To calculate tentative AMT, taxpayers determine the AMT tax base, apply the AMT tax rate and exemption phaseout schedules, and then subtract applicable credits. Technically, AMT liability is the excess, if any, of tentative AMT above the amount of tax due under the regular income tax. In short, taxpayers pay their regular income tax and then tack on any AMT liability.

Alternative minimum taxable income (AMTI) is the sum of three components: regular taxable income for AMT purposes, AMT preferences, and AMT adjustments. Regular taxable

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[1] The original minimum tax was an addition to regular income tax. The current AMT is a floor on total tax liability. For details see Burman et al. (2002).

[2] See, for example Burman, Gale, and Rohaly (2005); Burman and Leiserson (2007); Burman and Weiner (2005); and Burman et al. (2007).

[3] The Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2) produced the estimates in this paper. For a brief description of the tax model, see http://www.taxpolicycenter.org/numbers/related.cfm. This paper updates the AMT projections in Rohaly and Leiserson (2008).

[4] This section draws heavily on Burman and Weiner (2005).

income for AMT purposes is basically the same as taxable income for regular tax purposes except it may be negative if deductions exceed gross income.

An AMT preference or adjustment is simply any exclusion, exemption, deduction, credit, or other treatment (such as a method for computing depreciation) in the regular income tax that is either restricted or disallowed in the AMT. There is no meaningful economic distinction between preferences and adjustments; we refer to both as preferences.

Distinctions do, however, emerge among the various preferences themselves. There are two types of preferences: exemptions and deferrals. Exemption preferences broaden the AMT tax base by disallowing items including personal exemptions, the standard deduction, and itemized deductions for miscellaneous expenses and state and local taxes. Deferral provisions change the timing of the recognition of income and deductions, typically to accelerate income and postpone deductions. Thus, they tend to raise the current-year tax base, but only at the expense of future tax bases.

The exemption measures might be interpreted as an effort to reduce tax incentives generally and move toward an alternative tax simpler than the regular system. Unlike deferrals—which primarily affect high-income taxpayers—exemptions frequently hit middle-income AMT taxpayers. In theory, exemptions are relatively simple to comply with, since they merely involve adding clearly defined amounts to taxable income. In practice, they can still complicate tax filing by increasing the number of deductions taxpayers must calculate. In addition, the AMT disallows the standard deduction but does allow many itemized deductions. Thus, AMT taxpayers may pay less tax if they choose to itemize deductions even though they amount to less than the standard deduction. Determining which option results in a lower tax bill increases the burden of filing taxes.[5]

Deferral preferences differ considerably from exemption items. The tax code contains more deferral items than exemption preferences, but deferrals generate much less revenue because they are used less frequently and mostly by high-income taxpayers. Deferral items tend to be complex; taxpayers generally need to recalculate income and costs using different schedules and keep separate books for the regular tax and the AMT. Also, taxpayers may use AMT liability created by deferral provisions—but not by exemption provisions—as a credit against future years' regular tax liability in excess of the tentative AMT. As a result, the AMT's treatment of deferral preferences simply shifts tax liability toward the present, at least for taxpayers who have no AMT liability in future years. The deferral provisions, coupled with the credit they create, are consistent with a policy goal of having every high-income filer pay some positive tax in each year, even if his or her overall multiyear tax liability does not change.

Exemptions in the AMT are neither indexed for inflation nor adjusted for family size. Under current law for tax years after 2009, the AMT exemption will be $45,000 for married couples filing jointly, $33,750 for unmarried individuals, and $22,500 for married individuals filing separately. Since 2001, Congress has enacted temporary measures—on an annual basis in recent years—to increase the exemptions, but the latest "patch" expires at the end of 2009. The 2009 exemption is $70,950 for married couples filing jointly, $46,700 for unmarried individuals, and $35,475 for married individuals filing separate returns. Those exemptions phase out for high-

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[5] We include these households as AMT taxpayers in our tabulations, even if they do not actually pay AMT. These households pay more regular tax when they shift from claiming the standard deduction to itemizing because of AMT considerations.

income taxpayers at a 25 percent rate, beginning at AMTI of $150,000 for married couples filing jointly ($112,500 for singles). Like the exemptions themselves, the phaseout thresholds are not indexed for inflation.

Taxpayers calculate pre-credit tentative AMT liability by applying the AMT tax rate schedule and the exemption phaseout schedule to the AMT tax base. The statutory AMT tax rate is 26 percent on the first $175,000 (not indexed) of AMT tax base ($87,500 for married taxpayers filing separately) and 28 percent on additional amounts.[6] The phaseout of the AMT exemption raises the effective marginal tax rate throughout the phaseout range to one-fourth larger than the statutory rate. After determining pre-credit tentative AMT liability, taxpayers subtract foreign tax credits to calculate tentative AMT liability.

AMT liability is the excess, if any, of tentative AMT liability over a tax liability measure based on the regular income tax. The latter is regular income tax liability before credits (that is, the tax due on adjusted gross income minus allowable exemptions and deductions) less any taxes due because of lump-sum distributions and less any applicable foreign tax credits in the regular tax. For simplicity, we refer to this measure as regular tax liability for AMT purposes.

After calculating regular tax liability for AMT purposes and AMT liability, taxpayers may apply certain tax credits to reduce their tax or increase their refund. Under current law, the AMT does not restrict the use of personal refundable credits—the earned income tax credit and the additional child credit.[7] Through 2009, taxpayers can use all personal nonrefundable credits to reduce their tax liability regardless of the AMT. In 2010, if Congress does not extend the annual AMT patch, all nonrefundable credits—except the adoption, child, and saver's tax credits—would be allowed only to the extent that the individual's regular tax liability exceeds tentative AMT liability. Effectively, the credits would not be allowed against the AMT. The general business credit can only reduce tax to the level of tentative AMT liability, but unused portions may be carried backward or forward to other tax years. Taxpayers whose ability to use credits is limited by their tentative AMT liability are said to have "lost credits." We include them in our counts of people affected by the AMT even though, technically, they do not pay AMT directly. Finally, as noted above, payment of AMT creates a regular income tax credit for future years to the extent that the AMT liability is the result of timing-related preferences or adjustments and regular tax liability exceeds AMT liability.

## 2. Aggregate AMT Projections and Recent History, 1970–2020

In 1970, the minimum tax affected only 20,000 taxpayers (table 1) and generated $100 million in revenue. Barring congressional action, the AMT will hit more than 27 million taxpayers in 2010 and bring in more than $100 billion in revenue. The 2001–2006 tax cuts are responsible for much of the AMT explosion because they reduce regular tax liability without a corresponding permanent change to the AMT rules. But even without those tax cuts, 14.8 million households

[6] The calculation is more complicated for those reporting capital gains or qualified dividends. In general, the AMT preserves the lower rates on gains and dividends that apply in the regular income tax but the phaseout of the AMT exemption can raise the effective tax rate on gains and dividends above the statutory rates for taxpayers in the phaseout range. See Leiserson (2007) for further detail.

[7] The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) repealed a provision that limited the EITC for those with AMT liability. Because EGTRRA is scheduled to sunset at the end of 2010, that limitation will return in 2011 unless Congress acts.

would have paid $38.5 billion in AMT in 2010, primarily because the AMT is not indexed for inflation.

As part of the American Recovery and Reinvestment Tax Act of 2009 (ARRA), Congress "patched" the AMT for 2009, raising the AMT exemption and allowing taxpayers to claim certain personal nonrefundable credits regardless of their AMT situation. As a result, we estimate that the AMT will affect just 4 million taxpayers—about 1 in 20—in 2009 (table 2). The AMT will generate $33.5 billion, roughly 4 percent of total individual income tax revenue. If Congress does not extend the temporary fix or otherwise modify the AMT, the tax will affect nearly a third of all taxpayers in 2010. AMT revenue will balloon to $102.2 billion, more than 10 percent of total individual income tax revenue.

If Congress lets the Bush tax cuts expire after 2010 (as scheduled under current law), the number of AMT taxpayers would drop sharply to 15.9 million in 2011, but then resume an upward march to 37.5 million by 2020. The amount of revenue raised by the AMT would similarly drop in 2011 to $42.1 billion or just over 3 percent of individual income tax revenue—only to increase throughout the coming decade to reach $114.5 billion by 2020, almost 5 percent of income tax revenue.

Under the administration baseline—which would make the Bush tax cuts and the AMT patch permanent—the AMT would affect 4.6 million households in 2011 and 8 million by 2020.[8] Without the patch, extending the Bush tax cuts would result in 29.7 million AMT taxpayers in 2011 and close to 52 million by 2020.

One indicator of the immense scope of the AMT is that under current law in 2010, tax returns that owe AMT will account for more than half of all adjusted gross income. If Congress extends the Bush tax cuts without an AMT patch, that figure would rise to close to two-thirds by 2020. Even if the tax cuts expire as scheduled, without a change to the AMT, by 2020 it would affect returns reporting 43 percent of AGI.

## 3. Characteristics of AMT Taxpayers

Although Congress originally enacted the AMT to prevent high-income individuals from sheltering all of their income and paying no tax, it now affects more tax filers in lower income classes than at the top of the income scale. Just 40 percent of taxpayers earning more than $1 million will pay the AMT in 2009, compared with more than half of those earning between $200,000 and $1 million (table 3).[9] Since the 35 percent top statutory rate in the regular income tax exceeds the top 28 percent statutory rate in the AMT, individuals with high incomes who do not engage in substantial sheltering end up in the regular tax system.[10]

[8] We refer to this as the "administration baseline" because the president's 2010 budget measures the impact of new tax proposals against that baseline. The administration's AMT patch would index not only the AMT exemption but also the tax bracket threshold and the exemption phaseout threshold.

[9] We use cash income, a broad measure that includes both taxable and nontaxable forms of income. See http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=574 for a complete definition.

[10] In addition, many tax shelters exploit the difference in tax rates between long-term capital gains, which face a maximum tax rate of 15 percent, and ordinary income, which can be taxed at rates as high as 35 percent under the regular income tax. However, tax savings from the lower capital gains rate is not an AMT preference item. High-income taxpayers who report large amounts of capital gains generally receive the same tax break under the AMT as under the regular income tax. In contrast, before 1987, the lower tax rate on capital gains was a preference item and was, in fact, the largest one.

Despite the temporary AMT patch, almost half of filers with incomes between $200,000 and $500,000 and nearly two-thirds of those making between $500,000 and $1 million will pay the AMT in 2009.[11] The patch's higher exemption provides the greatest protection to taxpayers with incomes between $75,000 and $200,000, leaving less than 5 percent of them subject to the AMT in 2009. But these households will be hit hard if Congress fails to extend the patch or otherwise reform the AMT. Under current law, the share of filers earning $100,000 to $200,000 who are affected by the AMT will explode from 4 percent in 2009 to 75 percent in 2010, and the share of filers with incomes between $75,000 and $100,000 affected by the AMT will soar from less than 1 percent to 37 percent.

Barring legislative action, the AMT will become the *de facto* tax system in 2010 for taxpayers with incomes between $200,000 and $500,000, affecting 92 percent of them. Three-fourths of filers with incomes between $100,000 and $200,000 and between $500,000 and $1 million will also fall prey to the AMT next year. If Congress extends the Bush administration tax cuts without fixing the AMT, more than 80 percent of taxpayers earning between $100,000 and $1 million would pay the tax by 2020. In addition, the tax would extend down the income distribution, affecting 56 percent of those making between $75,000 and $100,000. Even if Congress lets the Bush tax cuts expire after 2010, 44 percent of filers with incomes between $75,000 and $200,000—and 78 percent of those with incomes between $200,000 and $500,000—will be paying the AMT by 2020.

The share of taxpayers affected by the AMT varies widely depending on number of children, state tax level, and filing status. Because the AMT disallows dependent exemptions, it affects filers with many children more than those without children. In 2009, only 2 percent of childless taxpayers will owe AMT, compared with 8 percent of those with three or more children. If Congress does not extend the patch, those shares will jump to 13 percent and 42 percent, respectively, in 2010.

The state and local tax deduction accounts for about two-thirds of all exemption preferences, making it the largest AMT preference item. Although residents of high tax states are consistently more likely to pay AMT than residents of low tax states, the differential will fall as AMT coverage expands. In 2009, residents of high-tax states will be almost three times as likely to pay AMT as people in low-tax jurisdictions. In 2010, under current law, residents of high-tax states will be only 47 percent more likely to be on the AMT (24 percent vs.17 percent).

Because the AMT exemption for married couples is less than double that for singles and because the AMT brackets are the same regardless of filing status, married couples are much more likely to pay the AMT than single or head of household filers. In 2009, 5 percent of joint returns will owe the AMT, compared with only 1 percent of single returns. In 2010 under current law, the share of joint returns paying AMT will reach 40 percent, whereas only 3 percent of single returns will owe the tax.

Absent a change in law, the AMT will become an almost universal tax for upper-middle class families. In 2009, just 1 in 1,000 married couples with two or more kids and cash income between $75,000 and $100,000 will pay the AMT. That share will rise to 59 percent in 2010 and to 84 percent by 2020.

[11] We report income in 2009 dollars throughout the analysis.

## 4. AMT Revenue Averages and Effective Tax Rates

The AMT is serious money to those it affects; AMT taxpayers will owe an average of more than $8,400 in additional tax in 2009 (table 4). The tax will add an average of 1.9 percentage points to the effective tax rate of those who pay it (table 5).

The average AMT bill will fall dramatically in 2010 as the tax expands and ensnares more moderate income households. Those new AMT taxpayers will generally owe less additional tax than the households already on the AMT in 2009, dropping the overall average to $3,700. Households newly affected by the AMT will also tend to have lower incomes so the average effective AMT rate will actually rise slightly to 2.0 percent in 2010.

## 5. Distribution of AMT and Regular Income Tax

Because the AMT patch shields taxpayers with modest incomes from paying the tax, the AMT will be highly progressive in 2009. Households with cash income of $200,000 or more will pay about 94 percent of total AMT liability (table 5), compared with only 63 percent of regular income tax liability. If Congress does not extend the patch, however, the AMT burden in 2010 will fall more heavily on households with less income. Households with cash income of less than $200,000 will pay more than 40 percent of AMT liability in 2010 (up from just 6 percent in 2009). The highest income taxpayers will pay a smaller share of total AMT liability than of regular income tax liability: those with income of $1 million or more will pay less than 10 percent of AMT liability but 23 percent of regular income tax liability in 2010.

The distribution of AGI reported on returns affected by the AMT will also shift as the tax expands. In 2009, tax units with income between $200,000 and $500,000 will report half of all AGI on AMT returns. Returns with income of less than $200,000 will report only 8 percent reflecting the fact that few people in those income classes will pay the AMT. That share will jump to 55 percent in 2010 if Congress fails to renew the patch.

Barring legislative change, the AMT will extend its reach down the income distribution over time. In 2009, just 4 percent of all households will have income over $200,000 but they will constitute 79 percent of AMT taxpayers. The following year, the AMT will still primarily affect high-income tax units, but will hit many more households with income between $75,000 and $200,000—nearly 70 percent of AMT taxpayers will fall in that income range.

### 6. Income Subject to Tax and Effective Marginal Rates

One of the enduring myths about the alternative minimum tax is that, whatever its other faults, it taxes a broader base of income at lower marginal rates than the regular income tax. The truth is exactly the opposite: for the majority of AMT taxpayers, the AMT taxes less income and imposes a higher marginal rate than does the regular income tax. The share of AMT taxpayers with less income subject to AMT than to the regular income tax will rise from 56 percent in 2009 to 87 percent in 2010 (table 6), including more than 97 percent of AMT taxpayers with income between $30,000 and $200,000. The share with higher marginal tax rates under the AMT than under the regular tax will rise from 78 percent in 2009 to 90 percent in 2010. These seemingly anomalous results arise because the AMT exempts a large share of income for many middle-income taxpayers. Such households can end up on the AMT only if the AMT tax rates—26 and 28 percent—are much higher than their average effective rate under the regular income tax.[12]

While the AMT expands dramatically between 2009 and 2010, the average dollar value of adjustments and preferences will fall for upper-middle-income taxpayers affected by the AMT. In 2009, AMT taxpayers with income between $75,000 and $100,000 will report average adjustments and preferences of about $45,000; the average will be $37,000 for those with income between $100,000 and $200,000. With the patch in place, taxpayers in those income ranges wind up on the AMT only if they engage in substantial amounts of what the AMT considers to be sheltering. If Congress allows the patch to expire, average adjustments and preferences will drop in those income ranges as the AMT hits more "typical" taxpayers. By 2010, adjustments and preferences for AMT taxpayers with income between $75,000 and $100,000 will average only $19,000; the average for those with income between $100,000 and $200,000 will be just $21,000. In 2010, the standard deduction plus personal exemptions for a family of four ($25,700) will exceed the average adjustments and preferences of AMT taxpayers in all income classes between $30,000 and $200,000.

## 7. Tax Cuts and the AMT

Because the Bush tax cuts did not permanently reform the AMT, the alternative tax claws back a substantial portion of the tax reduction that individuals would otherwise receive. In fact, unless Congress acts, the AMT will completely eliminate the tax cuts for about 2 percent of all households in 2010 and an additional 14 percent will get less than the full cut in their regular taxes (table 8).

In 2010, the last year before most provisions of the Bush tax cuts sunset under current law, the AMT will take back one-fourth of the regular income tax cut that taxpayers would otherwise receive. The claw-back rises to nearly 40 percent for households with cash income between $100,000 and $200,000 and to 63 percent for those with income between $200,000 and $500,000. The AMT will reduce the size of the tax cut for 63 percent of households with income between $100,000 and $200,000 and for 77 percent of those with income between $200,000 and $500,000. In addition, about 1 in 12 tax units with income between $100,000 and $200,000 and 1 in 7 of those with income between $200,000 and $500,000 will receive no tax cut at all in 2010 because of the AMT.

## 8. Conclusion

The individual AMT operates parallel to the regular income tax: it defines income differently, imposes different tax rates, and allows different deductions, exemptions, and credits. Taxpayers must pay the larger of their regular income tax or the tax calculated under the AMT rules. Because the AMT is not indexed for inflation, and because the Bush tax cuts reduced regular income tax liability without adjusting the AMT to match, the tax threatens to hit tens of millions of taxpayers each year. To avoid the AMT explosion, Congress has enacted temporary AMT "patches" on an annual basis that raise the AMT exemption and allow certain credits against the AMT. The current AMT patch expires at the end of 2009.

[12] Many upper-income taxpayers also face higher marginal tax rates under the AMT because the phaseout of the exemption creates implicit tax rates up to 35 percent in the phaseout range. Burman, Gale, and Rohaly (2005) discuss this issue in more detail.

The AMT will affect 4 million taxpayers in 2009. Barring extension of the patch, that number will rise to more than 27 million in 2010 and nearly 38 million in 2020. The AMT will become the *de facto* tax system for taxpayers with incomes between $200,000 and $500,000 in 2010, affecting 92 percent of them. Because the AMT disallows dependent exemptions and the state and local tax deduction, it affects filers with many children more than those with no children and hits more taxpayers in high-tax states. The AMT also imposes significant marriage penalties: in 2010 under current law, 40 percent of joint filers will pay AMT, compared with only 3 percent of single filers.

The AMT fails on efficiency grounds: for the majority of affected taxpayers, the AMT taxes less income and imposes higher marginal rates than does the regular income tax. The share of AMT taxpayers with less income subject to AMT than to the regular income tax will rise from 56 percent in 2009 to 87 percent in 2010. The share with higher marginal tax rates under the AMT than under the regular tax will rise from 78 percent in 2009 to 90 percent in 2010.

Because the Bush tax cuts did not permanently reform the AMT, the alternative tax claws back a substantial portion of the tax reduction that individuals would otherwise receive. Without congressional action, the AMT will completely eliminate the tax cuts for about 2 percent of all taxpayers in 2010 and will reclaim a quarter of the potential tax cut overall.

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**Table 1**
**Aggregate AMT Projections and Recent History, 1970–2020**

| Years | Current Law | | Administration Baseline (no AMT Fix)[c] | | Pre-EGTRRA Law | |
|---|---|---|---|---|---|---|
| | AMT Taxpayers (millions)[a] | AMT Revenue ($ billions)[b] | AMT Taxpayers (millions) | AMT Revenue ($ billions) | AMT Taxpayers (millions) | AMT Revenue ($ billions) |
| **1970** | 0.02 | 0.1 | | | | |
| **1971** | 0.02 | 0.2 | | | | |
| **1972** | 0.03 | 0.2 | | | | |
| **1973** | 0.03 | 0.2 | | | | |
| **1974** | 0.02 | 0.1 | | | | |
| **1975** | 0.02 | 0.1 | | | | |
| **1976** | 0.25 | 1.0 | | | | |
| **1977** | 0.40 | 1.3 | | | | |
| **1978** | 0.50 | 1.5 | | | | |
| **1979** | 0.23 | 1.2 | | | | |
| **1980** | 0.22 | 1.3 | | | | |
| **1981** | 0.26 | 1.8 | | | | |
| **1982** | 0.23 | 1.5 | | | | |
| **1983** | 0.27 | 2.5 | | | | |
| **1984** | 0.37 | 4.5 | | | | |
| **1985** | 0.43 | 3.8 | | | | |
| **1986** | 0.61 | 6.7 | | | | |
| **1987** | 0.14 | 1.7 | | | | |
| **1988** | 0.11 | 1.0 | | | | |
| **1989** | 0.17 | 1.6 | | | | |
| **1990** | 0.20 | 1.6 | | | | |
| **1991** | 0.34 | 2.1 | | | | |
| **1992** | 0.42 | 2.5 | | | | |
| **1993** | 0.47 | 3.3 | | | | |
| **1994** | 0.53 | 3.8 | | | | |
| **1995** | 0.63 | 4.1 | | | | |
| **1996** | 0.72 | 5.0 | | | | |
| **1997** | 0.90 | 6.7 | | | | |
| **1998** | 1.05 | 7.7 | | | | |
| **1999** | 1.29 | 9.6 | | | | |
| **2000** | 1.61 | 13.1 | | | | |
| **2001** | 1.3 | 8.8 | 1.3 | 8.8 | 1.7 | 11.7 |
| **2002** | 2.1 | 8.8 | 2.1 | 8.8 | 3.8 | 14.0 |
| **2003** | 2.5 | 11.2 | 2.5 | 11.2 | 4.2 | 15.0 |
| **2004** | 3.1 | 17.1 | 3.1 | 17.1 | 5.5 | 16.1 |
| **2005** | 4.0 | 20.5 | 4.0 | 20.5 | 7.0 | 19.2 |
| **2006** | 4.0 | 24.6 | 4.0 | 24.6 | 9.0 | 23.5 |
| **2007** | 4.1 | 26.7 | 4.1 | 26.7 | 11.3 | 29.0 |
| **2008** | 3.9 | 32.9 | 3.9 | 32.9 | 12.8 | 34.7 |
| **2009** | 4.0 | 33.5 | 4.0 | 33.5 | 15.1 | 38.7 |
| **2010** | 27.4 | 102.2 | 31.5 | 117.8 | 14.8 | 38.5 |
| **2011** | 15.9 | 42.1 | 33.6 | 128.4 | 16.0 | 42.3 |
| **2012** | 18.2 | 46.9 | 37.0 | 141.0 | 18.3 | 47.0 |
| **2013** | 19.6 | 51.2 | 38.9 | 152.6 | 19.6 | 51.2 |
| **2014** | 21.2 | 56.5 | 41.1 | 167.0 | 21.3 | 56.6 |
| **2015** | 23.2 | 62.5 | 43.4 | 182.5 | 23.2 | 62.5 |
| **2016** | 25.3 | 69.6 | 45.8 | 199.5 | 25.4 | 69.7 |
| **2017** | 28.0 | 78.4 | 48.2 | 219.0 | 28.1 | 78.5 |
| **2018** | 31.3 | 89.5 | 50.8 | 242.3 | 31.5 | 89.7 |
| **2019** | 34.4 | 101.0 | 53.1 | 266.1 | 34.5 | 101.2 |
| **2020** | 37.5 | 114.5 | 55.4 | 291.9 | 37.6 | 114.8 |

*Sources:* Urban-Brookings Tax Policy Center Microsimulation Model (versions 0304-3, 1006-1, 0309-1, 0509-2); Harvey and Tempalski (1997); private communication from Jerry Tempalski; and IRS.

*Notes:* Calendar years. The data for the years 1970 to 1998 has been obtained from Harvey and Tempalski (1997) table 2 and private communications. For the years 1999 to 2000, the number of AMT taxpayers and the AMT revenue under current and extended law have been calculated by adding TPC microsimulation model (version 0304-3) estimates of the number of taxpayers with lost credits and the revenue due to these lost credits to the IRS published actual figures for those with direct AMT liability; for 2001–03, the number has been calculated by adding the TPC microsimulation model (version 1006-1) estimates of the number of taxpayers with lost credits or reduced deductions but no direct liability and the revenue due to those taxpayers to IRS published actual figures for those with direct AMT liability. For 2004–08 under all three scenarios, and for pre-EGTRRA law from 2001–03, estimates are from the TPC microsimulation model (version 0308-4).

a. Includes those with direct AMT liability on Form 6251, those with lost credits, and (for years 2001-2018) those with a reduced deduction. Tax units that are dependents of other taxpayers are excluded from the analysis.

b. Includes direct AMT liability on Form 6251, lost credits, and (for years 2001-2019) the revenue due to reduced deductions.

c. Extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters.

**Table 2**
**Aggregate AMT Projections, 2009–2020**

| | Calendar Year | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **Number of AMT Taxpayers[a] (millions)** | | | | | | | | | | | | |
| Current Law | 4.0 | 27.4 | 15.9 | 18.2 | 19.6 | 21.2 | 23.2 | 25.3 | 28.0 | 31.3 | 34.4 | 37.5 |
| Administration Baseline (no AMT Fix)[b] | 4.0 | 27.4 | 29.7 | 33.1 | 35.0 | 37.3 | 39.7 | 42.1 | 44.4 | 47.0 | 49.3 | 51.7 |
| Administration Baseline[c] | 4.0 | 4.4 | 4.6 | 5.1 | 5.4 | 5.8 | 6.2 | 6.5 | 6.8 | 7.2 | 7.6 | 8.0 |
| **Percent of Taxpayers Affected by AMT[d]** | | | | | | | | | | | | |
| Current Law | 4.9 | 32.4 | 16.2 | 17.6 | 18.5 | 19.8 | 21.3 | 23.0 | 25.1 | 27.9 | 30.3 | 32.7 |
| Administration Baseline (no AMT Fix) | 4.9 | 32.4 | 31.9 | 33.6 | 34.8 | 36.4 | 38.3 | 40.1 | 41.7 | 43.8 | 45.5 | 47.2 |
| Administration Baseline | 4.9 | 5.2 | 5.0 | 5.2 | 5.3 | 5.7 | 6.0 | 6.2 | 6.4 | 6.7 | 7.0 | 7.4 |
| **AMT Revenue[e] (billions of $)** | | | | | | | | | | | | |
| Current Law | 33.5 | 102.2 | 42.1 | 46.9 | 51.2 | 56.5 | 62.5 | 69.6 | 78.4 | 89.5 | 101.0 | 114.5 |
| Administration Baseline (no AMT Fix) | 33.5 | 102.2 | 112.5 | 122.6 | 133.8 | 147.7 | 162.8 | 179.4 | 198.5 | 221.4 | 245.0 | 270.7 |
| Administration Baseline | 33.5 | 40.1 | 42.0 | 42.3 | 45.3 | 48.4 | 51.3 | 54.0 | 56.8 | 60.4 | 64.3 | 69.4 |
| **AMT Revenue/AMT Taxpayer ($)** | | | | | | | | | | | | |
| Current Law | 8,445 | 3,732 | 2,641 | 2,573 | 2,615 | 2,662 | 2,696 | 2,744 | 2,799 | 2,855 | 2,938 | 3,055 |
| Administration Baseline (no AMT Fix) | 8,445 | 3,732 | 3,781 | 3,706 | 3,826 | 3,966 | 4,103 | 4,262 | 4,473 | 4,710 | 4,970 | 5,236 |
| Administration Baseline | 8,445 | 9,056 | 9,097 | 8,346 | 8,459 | 8,352 | 8,289 | 8,358 | 8,396 | 8,443 | 8,498 | 8,668 |
| **AMT Revenue as a Percentage of Income Tax Revenue** | | | | | | | | | | | | |
| Current Law | 4.1 | 10.4 | 3.2 | 3.2 | 3.2 | 3.4 | 3.5 | 3.7 | 3.9 | 4.3 | 4.6 | 4.9 |
| Administration Baseline (no AMT Fix) | 4.1 | 10.4 | 10.0 | 9.7 | 9.8 | 10.2 | 10.5 | 10.9 | 11.4 | 12.0 | 12.5 | 13.1 |
| Administration Baseline | 4.1 | 4.4 | 4.0 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.7 |
| **Percent of AGI on AMT Returns** | | | | | | | | | | | | |
| Current Law | 17.4 | 50.2 | 25.4 | 26.7 | 27.6 | 29.0 | 30.8 | 32.7 | 35.1 | 38.0 | 40.4 | 42.8 |
| Administration Baseline (no AMT Fix) | 17.4 | 50.2 | 51.7 | 52.4 | 53.4 | 55.0 | 56.7 | 58.2 | 59.6 | 61.2 | 62.6 | 64.0 |
| Administration Baseline | 17.4 | 19.4 | 19.4 | 19.6 | 20.0 | 20.7 | 21.2 | 21.6 | 21.9 | 22.4 | 23.0 | 23.7 |

*Source:* Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).
*Notes:* Calendar years. Tax units that are dependents of other tax units are excluded from the analysis. Numbers may not add due to rounding.
a. AMT taxpayers are defined as those with an AMT liability from form 6251, with lost credits, or with reduced deductions.
b. Extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters.
c. See above footnote. Also extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation after 2009.
d. Taxpayers are defined as returns with positive income tax liability net of refundable credits.
e. "Revenue" is actually calendar year tax liability. Some of that liability would be paid in a subsequent year.

**Table 3**
**Characteristics of AMT Taxpayers**

| Group | Current Law 2009 | Current Law 2010 | 2011 Current Law | 2011 Administration Baseline with No AMT Fix[a] | 2011 Administration Baseline with AMT Fix[b] | 2020 Current Law | 2020 Administration Baseline with No AMT Fix | 2020 Administration Baseline with AMT Fix |
|---|---|---|---|---|---|---|---|---|
| **All Taxpayers**[c] | 4.9 | 32.4 | 16.2 | 31.9 | 5.0 | 32.7 | 47.2 | 7.4 |
| **All Tax Filers** | 3.0 | 20.4 | 11.7 | 22.0 | 3.4 | 25.9 | 35.9 | 5.6 |
| **Tax Filers by Cash Income (thousands of 2009$)**[d] | | | | | | | | |
| Less than 30 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 | <0.05 |
| 30-50 | <0.05 | 1.2 | 1.7 | 1.7 | <0.05 | 7.9 | 8.1 | <0.05 |
| 50-75 | 0.1 | 11.0 | 10.4 | 13.8 | 0.2 | 23.4 | 30.4 | 0.3 |
| 75-100 | 0.5 | 37.2 | 24.9 | 42.4 | 0.7 | 43.5 | 56.3 | 1.1 |
| 100-200 | 4.0 | 75.1 | 35.5 | 77.6 | 4.6 | 57.6 | 87.4 | 4.5 |
| 200-500 | 48.8 | 92.0 | 52.0 | 92.5 | 52.3 | 77.9 | 86.2 | 54.9 |
| 500-1,000 | 63.0 | 75.4 | 26.3 | 74.8 | 66.3 | 29.0 | 79.3 | 69.3 |
| 1,000 and more | 40.3 | 48.7 | 21.4 | 47.0 | 42.3 | 20.7 | 45.3 | 39.2 |
| **Tax Filers by Number of Children**[e] | | | | | | | | |
| 0 | 2.1 | 13.3 | 3.8 | 14.7 | 2.4 | 14.4 | 27.1 | 3.9 |
| 1 | 3.1 | 27.6 | 16.0 | 29.6 | 3.6 | 38.7 | 47.3 | 6.0 |
| 2 | 5.2 | 38.0 | 32.7 | 39.6 | 5.8 | 53.2 | 55.2 | 9.9 |
| 3 or more | 8.0 | 41.6 | 44.3 | 44.0 | 9.1 | 63.4 | 62.2 | 14.0 |
| **Tax Filers By State Tax Level** | | | | | | | | |
| High | 4.8 | 24.4 | 16.0 | 25.8 | 5.2 | 30.0 | 39.0 | 8.3 |
| Middle | 2.6 | 20.8 | 11.6 | 22.3 | 3.1 | 26.9 | 36.9 | 5.2 |
| Low | 1.7 | 16.6 | 8.1 | 18.1 | 2.0 | 21.5 | 32.1 | 3.4 |
| **Tax Filers by Filing Status** | | | | | | | | |
| Single | 1.0 | 2.9 | 1.5 | 3.3 | 1.2 | 4.7 | 10.0 | 1.9 |
| Married Filing Joint | 5.5 | 40.4 | 21.6 | 43.1 | 6.3 | 45.5 | 63.3 | 10.5 |
| Head of Household | 1.4 | 12.2 | 12.1 | 14.2 | 1.7 | 30.0 | 32.3 | 2.8 |
| Married Filing Separate | 5.0 | 39.3 | 17.5 | 41.2 | 5.5 | 45.0 | 64.2 | 10.3 |
| **Married Couple, 2+ Kids, 75k<Cash Income<100k** | 0.1 | 58.7 | 63.1 | 63.8 | 0.1 | 84.0 | 83.6 | 0.1 |
| **Married Couple, 2+ Kids, 75k<AGI<100k** | 0.1 | 84.4 | 85.0 | 86.7 | 0.2 | 96.2 | 95.8 | 0.3 |

*Source:* Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).
*Notes:* Includes returns with AMT liability on Form 6251, with lost credits, and with reduced deductions. Tax units that are dependents of other tax units are excluded fom the analysis.
a. Extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters.
b. See above footnote. Also extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation after 2009.
c. Taxpayers are defined as returns with positive income tax liability net of refundable credits.
d. Tax units with negative cash income are excluded from the lowest income class. For a description of cash income, see
http://www.taxpolicycenter.org/TaxModel/income.cfm.
e. Number of children is defined as number of exemptions taken for children living at home.

**Table 4**
**AMT Revenue per AMT Taxpayer ($)**

| Group of AMT taxpayers | Current Law 2009 | Current Law 2010 | 2011 Current Law | 2011 Administration Baseline with No AMT Fix[a] | 2011 Administration Baseline with AMT Fix[b] | 2020 Current Law | 2020 Administration Baseline with No AMT Fix | 2020 Administration Baseline with AMT Fix |
|---|---|---|---|---|---|---|---|---|
| **All** | 8,434 | 3,732 | 2,641 | 3,781 | 9,097 | 3,055 | 5,236 | 8,668 |
| **By Cash Income (thousands of 2009$)[c]** | | | | | | | | |
| Less than 30 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 30-50 | n/a | 622 | 657 | 521 | n/a | 690 | 632 | n/a |
| 50-75 | 1,608 | 754 | 886 | 779 | 1,107 | 1,269 | 1,202 | 996 |
| 75-100 | 1,584 | 960 | 1,194 | 1,038 | 1,181 | 1,595 | 1,919 | 1,976 |
| 100-200 | 2,470 | 2,504 | 1,873 | 2,668 | 2,217 | 2,416 | 4,121 | 2,467 |
| 200-500 | 6,557 | 8,538 | 4,930 | 9,071 | 7,415 | 6,013 | 12,371 | 6,657 |
| 500-1,000 | 13,851 | 14,467 | 14,815 | 14,433 | 14,728 | 13,657 | 16,446 | 16,360 |
| 1,000 and more | 50,416 | 46,409 | 60,040 | 47,682 | 51,797 | 53,216 | 46,352 | 51,342 |
| **By Number of Children[d]** | | | | | | | | |
| 0 | 9,735 | 3,606 | 4,585 | 3,607 | 10,097 | 2,989 | 4,736 | 9,390 |
| 1 | 7,769 | 3,177 | 2,004 | 3,256 | 8,457 | 2,454 | 4,720 | 8,193 |
| 2 | 7,361 | 3,956 | 1,889 | 4,067 | 8,146 | 3,150 | 6,209 | 7,898 |
| 3 or more | 7,033 | 4,790 | 2,645 | 4,908 | 8,127 | 4,163 | 7,022 | 8,128 |
| **By State Tax Level** | | | | | | | | |
| High | 9,110 | 4,606 | 3,077 | 4,698 | 9,968 | 3,857 | 6,321 | 9,620 |
| Middle | 8,325 | 3,522 | 2,427 | 3,562 | 8,774 | 2,837 | 5,022 | 8,075 |
| Low | 6,938 | 2,813 | 2,138 | 2,846 | 7,514 | 2,296 | 4,269 | 7,403 |
| **By Filing Status** | | | | | | | | |
| Single | 7,867 | 4,509 | 4,681 | 4,421 | 8,013 | 3,249 | 3,613 | 7,737 |
| Married Filing Joint | 9,017 | 3,978 | 2,796 | 4,076 | 9,907 | 3,449 | 6,246 | 9,413 |
| Head of Household | 4,159 | 1,763 | 1,332 | 1,693 | 3,889 | 1,797 | 2,375 | 4,577 |
| Married Filing Separate | 7,598 | 2,341 | 2,700 | 2,374 | 8,170 | 2,179 | 3,500 | 6,969 |
| **Married Couple, 2+ Kids, 75k<Cash Income<100k** | 2,840 | 1,032 | 1,244 | 1,140 | 3,259 | 2,235 | 2,298 | 1,303 |
| **Married Couple, 2+ Kids, 75k<AGI<100k** | 1,362 | 1,560 | 1,568 | 1,632 | 2,049 | 2,738 | 3,261 | 3,568 |

*Source:* Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).
*Notes:* Includes AMT liability on Form 6251, lost credits, and the value of reduced deductions. Tax units that are dependents of other tax units are excluded fom the analysis.
n/a: Insufficient data.
a. Extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters.
b. See above footnote. Also extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation after 2009.
c. Tax units with negative cash income are excluded from the lowest income class. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm.
d. Number of children is defined as number of exemptions taken for children living at home.

**Table 5**
**Average Effective AMT Tax Rate**

| Group of AMT taxpayers | Current Law 2009 | Current Law 2010 | 2011 Current Law | 2011 Administration Baseline with No AMT Fix[a] | 2011 Administration Baseline with AMT Fix[b] | 2020 Current Law | 2020 Administration Baseline with No AMT Fix | 2020 Administration Baseline with AMT Fix |
|---|---|---|---|---|---|---|---|---|
| **All** | 1.9 | 2.0 | 1.5 | 2.2 | 5.3 | 1.7 | 2.8 | 4.7 |
| **By Cash Income (thousands of 2009$)[c]** | | | | | | | | |
| Less than 30 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 30-50 | n/a | 1.4 | 1.5 | 1.1 | n/a | 1.4 | 1.3 | n/a |
| 50-75 | 2.5 | 1.1 | 1.3 | 1.2 | 1.7 | 1.7 | 1.6 | 1.3 |
| 75-100 | 1.8 | 1.1 | 1.3 | 1.1 | 1.3 | 1.5 | 1.9 | 1.9 |
| 100-200 | 1.5 | 1.7 | 1.3 | 1.8 | 1.5 | 1.5 | 2.5 | 1.5 |
| 200-500 | 2.0 | 2.9 | 1.7 | 3.0 | 2.5 | 1.9 | 3.8 | 2.1 |
| 500-1,000 | 2.1 | 2.1 | 2.2 | 2.1 | 2.2 | 1.7 | 2.1 | 2.1 |
| 1,000 and more | 1.8 | 1.6 | 2.1 | 1.6 | 1.8 | 1.8 | 1.6 | 1.7 |
| **By Number of Children[d]** | | | | | | | | |
| 0 | 1.9 | 1.7 | 1.7 | 1.4 | 3.8 | 1.4 | 2.2 | 4.3 |
| 1 | 2.0 | 2.0 | 1.3 | 2.2 | 5.7 | 1.5 | 2.9 | 5.1 |
| 2 | 1.9 | 2.3 | 1.3 | 2.7 | 5.5 | 1.9 | 3.7 | 4.7 |
| 3 or more | 1.8 | 2.7 | 1.8 | 3.4 | 5.7 | 2.6 | 4.3 | 5.0 |
| **By State Tax Level** | | | | | | | | |
| High | 2.2 | 2.3 | 1.7 | 2.6 | 5.5 | 2.0 | 3.2 | 4.9 |
| Middle | 1.9 | 2.0 | 1.4 | 2.1 | 5.2 | 1.6 | 2.8 | 4.5 |
| Low | 1.4 | 1.5 | 1.3 | 1.8 | 4.7 | 1.3 | 2.5 | 4.3 |
| **By Filing Status** | | | | | | | | |
| Single | 1.9 | 1.8 | 2.0 | 1.9 | 3.4 | 1.6 | 1.8 | 3.9 |
| Married Filing Joint | 1.9 | 2.0 | 1.5 | 2.2 | 5.3 | 1.6 | 2.9 | 4.4 |
| Head of Household | 1.8 | 1.7 | 1.5 | 1.9 | 4.2 | 1.9 | 2.4 | 4.7 |
| Married Filing Separate | 2.4 | 2.2 | 2.3 | 2.0 | 7.0 | 1.9 | 3.0 | 6.0 |
| **Married Couple, 2+ Kids, 75k<Cash Income<100k** | 3.1 | 1.1 | 1.4 | 1.2 | 3.6 | 1.4 | 1.4 | 0.8 |
| **Married Couple, 2+ Kids, 75k<AGI<100k** | 1.3 | 1.5 | 1.5 | 1.6 | 2.0 | 1.4 | 1.7 | 1.9 |

*Source:* Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).
*Notes:* Ratio of AMT liability on Form 6251, lost credits, and the value of reduced deductions to cash income. Tax units that are dependents of other tax units are excluded fom the analysis.
n/a: Insufficient data.
a. Extends all of the individual income tax provisions included in 2001 EGTRRA and 2003 JGTRRA; maintains the estate tax at its 2009 parameters.
b. See above footnote. Also extends the 2009 AMT Patch and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation after 2009.
c. Tax units with negative cash income are excluded from the lowest income class. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm.
d. Number of children is defined as number of exemptions taken for children living at home.

**Table 6**
**Distribution of AMT and Regular Income Tax by Cash Income, Current Law**

**2009**

| Cash Income Class (thousands of 2009$)[a] | Tax Units (thousands) | | Percent of Units | | Percent of AGI | | Percent of Tax Liability | |
|---|---|---|---|---|---|---|---|---|
| | AMT Taxpayers[b] | All Units | AMT Taxpayers | All Units | AMT Taxpayers | All Units | AMT[c] | All Income Tax[d] |
| Less than 30 | 1 | 63,612 | <0.05 | 42.0 | <0.05 | 8.3 | <0.05 | -8.6 |
| 30-50 | 3 | 27,761 | 0.1 | 18.3 | <0.05 | 10.5 | <0.05 | 1.1 |
| 50-75 | 23 | 20,535 | 0.6 | 13.6 | <0.05 | 12.8 | 0.1 | 6.9 |
| 75-100 | 65 | 14,202 | 1.6 | 9.4 | 0.3 | 12.7 | 0.3 | 9.2 |
| 100-200 | 730 | 18,105 | 18.4 | 12.0 | 7.5 | 26.0 | 5.4 | 28.2 |
| 200-500 | 2,443 | 5,002 | 61.6 | 3.3 | 50.2 | 14.3 | 47.8 | 26.0 |
| 500-1,000 | 546 | 866 | 13.8 | 0.6 | 20.2 | 5.5 | 22.6 | 12.6 |
| 1,000 and more | 157 | 390 | 4.0 | 0.3 | 21.9 | 10.6 | 23.7 | 24.6 |
| All | 3,968 | 151,485 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

**2010**

| Cash Income Class (thousands of 2009$) | Tax Units (thousands) | | Percent of Units | | Percent of AGI | | Percent of Tax Liability | |
|---|---|---|---|---|---|---|---|---|
| | AMT Taxpayers | All Units | AMT Taxpayers | All Units | AMT Taxpayers | All Units | AMT | All Income Tax |
| Less than 30 | 4 | 64,611 | <0.05 | 42.1 | <0.05 | 8.2 | <0.05 | -6.4 |
| 30-50 | 320 | 28,109 | 1.2 | 18.3 | 0.3 | 10.2 | 0.2 | 1.6 |
| 50-75 | 2,215 | 20,366 | 8.1 | 13.3 | 3.1 | 12.4 | 1.6 | 6.9 |
| 75-100 | 5,332 | 14,376 | 19.5 | 9.4 | 10.0 | 12.5 | 5.0 | 9.1 |
| 100-200 | 13,781 | 18,350 | 50.3 | 12.0 | 41.4 | 25.8 | 33.8 | 29.0 |
| 200-500 | 4,845 | 5,269 | 17.7 | 3.4 | 28.0 | 14.7 | 40.5 | 25.7 |
| 500-1,000 | 684 | 907 | 2.5 | 0.6 | 8.0 | 5.5 | 9.7 | 11.0 |
| 1,000 and more | 202 | 415 | 0.7 | 0.3 | 9.3 | 11.6 | 9.2 | 23.3 |
| All | 27,384 | 153,472 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

**2011**

| Cash Income Class (thousands of 2009$) | Tax Units (thousands) | | Percent of Units | | Percent of AGI | | Percent of Tax Liability | |
|---|---|---|---|---|---|---|---|---|
| | AMT Taxpayers | All Units | AMT Taxpayers | All Units | AMT Taxpayers | All Units | AMT | All Income Tax |
| Less than 30 | 7 | 65,294 | 0.1 | 42.0 | <0.05 | 8.0 | <0.05 | -1.5 |
| 30-50 | 459 | 28,430 | 2.9 | 18.3 | 0.8 | 10.1 | 0.7 | 4.1 |
| 50-75 | 2,089 | 20,382 | 13.1 | 13.1 | 5.5 | 12.1 | 4.4 | 7.7 |
| 75-100 | 3,677 | 14,768 | 23.1 | 9.5 | 13.2 | 12.6 | 10.4 | 9.5 |
| 100-200 | 6,589 | 18,573 | 41.3 | 12.0 | 37.8 | 25.7 | 29.3 | 26.0 |
| 200-500 | 2,770 | 5,328 | 17.4 | 3.4 | 30.5 | 14.6 | 32.5 | 20.9 |
| 500-1,000 | 252 | 961 | 1.6 | 0.6 | 4.9 | 5.6 | 8.9 | 10.0 |
| 1,000 and more | 96 | 449 | 0.6 | 0.3 | 7.3 | 12.0 | 13.7 | 23.3 |
| All | 15,941 | 155,368 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).
a. Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Includes both filing and non-filing units but excludes those that are dependents of other taxpayers. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm.
b. AMT taxpayers include those with AMT liability from Form 6251, with lost credits, and with reduced deductions.
c. Includes direct AMT liability, lost credits, and the value of reduced deductions.
d. All income tax is the sum of regular income tax net of refundable credits plus direct AMT liability.

**Table 7**
**Income Subject to Tax and Effective Marginal Tax Rates**
**in the Regular Income Tax and the AMT among AMT Taxpayers, Current Law**

**2009**

| Cash Income Class (thousands of 2009$)[a] | Percent with More Income Subject to Tax In[b] | | Average Adjustments and Preferences[c] | Percent with a Higher Marginal Tax Rate In[d] | | Average Effective Marginal Tax Rate (percent)[e] | |
|---|---|---|---|---|---|---|---|
| | Regular Tax | AMT | | Regular Tax | AMT | Before AMT | After AMT |
| Less than 30 | 0.0 | 100.0 | 807,283 | 1.2 | 98.0 | -3.1 | 19.7 |
| 30-50 | 69.3 | 30.7 | 306,082 | 0.3 | 84.4 | -2.1 | 9.3 |
| 50-75 | 78.6 | 21.4 | 67,118 | 0.0 | 99.5 | 15.2 | 26.7 |
| 75-100 | 92.1 | 7.9 | 45,368 | 1.9 | 96.9 | 23.7 | 31.3 |
| 100-200 | 93.8 | 6.2 | 36,944 | 2.3 | 95.4 | 26.2 | 31.4 |
| 200-500 | 57.6 | 42.4 | 38,159 | 14.7 | 84.8 | 30.7 | 34.0 |
| 500-1,000 | 7.2 | 92.8 | 60,475 | 64.0 | 35.5 | 31.9 | 30.2 |
| More than 1,000 | 6.2 | 93.8 | 280,058 | 64.7 | 34.0 | 28.6 | 27.9 |
| All | 56.0 | 44.0 | 51,685 | 20.9 | 78.3 | 29.7 | 32.7 |

**2010**

| Cash Income Class (thousands of 2009$) | Percent with More Income Subject to Tax In | | Average Adjustments and Preferences | Percent with a Higher Marginal Tax Rate In | | Average Effective Marginal Tax Rate (percent) | |
|---|---|---|---|---|---|---|---|
| | Regular Tax | AMT | | Regular Tax | AMT | Before AMT | After AMT |
| Less than 30 | 82.5 | 17.5 | 137,774 | 0.3 | 99.6 | 7.4 | 21.6 |
| 30-50 | 91.7 | 8.3 | 16,677 | 1.1 | 96.3 | 15.6 | 24.1 |
| 50-75 | 97.1 | 2.9 | 18,933 | 1.0 | 94.1 | 17.7 | 24.3 |
| 75-100 | 98.9 | 1.1 | 19,074 | 0.9 | 93.3 | 18.0 | 24.7 |
| 100-200 | 97.4 | 2.6 | 21,390 | 2.9 | 94.3 | 24.9 | 28.5 |
| 200-500 | 52.7 | 47.3 | 30,369 | 16.3 | 82.6 | 29.2 | 32.6 |
| 500-1,000 | 11.4 | 88.6 | 57,456 | 65.3 | 30.1 | 30.7 | 28.7 |
| More than 1,000 | 9.2 | 90.8 | 250,698 | 55.9 | 34.4 | 27.9 | 27.7 |
| All | 86.9 | 13.1 | 24,986 | 6.7 | 90.0 | 23.8 | 28.1 |

**2011**

| Cash Income Class (thousands of 2009$) | Percent with More Income Subject to Tax In | | Average Adjustments and Preferences | Percent with a Higher Marginal Tax Rate In | | Average Effective Marginal Tax Rate (percent) | |
|---|---|---|---|---|---|---|---|
| | Regular Tax | AMT | | Regular Tax | AMT | Before AMT | After AMT |
| Less than 30 | 85.7 | 14.4 | 92,038 | 0.1 | 99.9 | 16.4 | 29.3 |
| 30-50 | 95.0 | 5.0 | 20,045 | 2.4 | 96.6 | 17.9 | 29.5 |
| 50-75 | 96.1 | 3.9 | 20,611 | 17.0 | 81.3 | 18.2 | 25.3 |
| 75-100 | 98.1 | 1.9 | 22,158 | 34.8 | 63.5 | 20.9 | 25.9 |
| 100-200 | 94.1 | 5.9 | 27,528 | 67.7 | 32.0 | 27.5 | 27.4 |
| 200-500 | 45.2 | 54.8 | 35,585 | 50.3 | 49.6 | 33.5 | 32.7 |
| 500-1,000 | 12.0 | 88.0 | 64,561 | 76.4 | 23.5 | 32.7 | 29.7 |
| More than 1,000 | 11.7 | 88.3 | 328,498 | 71.6 | 27.5 | 31.1 | 28.8 |
| All | 85.0 | 15.0 | 29,078 | 48.7 | 50.5 | 25.6 | 27.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).
Notes: AMT taxpayers include those with AMT liability from Form 6251, with lost credits, and with reduced deductions.
a. Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Includes both filing and non-filing units but excludes those that are dependents of other taxpayers. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm.
b. Income subject to tax for the regular income tax is taxable income; for the AMT it is AMTI net of the AMT exemption.
c. Amounts are in nominal dollars to facilitate comparison with AMT exemption amounts. For 2009, the AMT exemption is $70,950 for married couples filing jointly and surviving spouses; $46,700 for unmarried individuals other than surviving spouses; and $33,125 for married individuals filing separately. For 2010 and 2011, the exemption amounts are $45,000, $33,750, and $22,500.
d. The marginal tax rate for each return is calculated by adding $1,000 to wages, recomputing income tax net of refundable credits, and dividing the resulting change in tax liability by 1,000.
e. Marginal tax rates represent a simple average across individuals.

**Table 8**
**Effect of the AMT on 2001–2006 Individual Income Tax Cuts, 2010**

| Cash Income Class (thousands of 2009 dollars)[a] | Tax Units[b] | | Percent of Tax Units with No Cut Due to AMT | Percent of Tax Units with Smaller Tax Cut Due to AMT[c] | Percent of Tax Cut Taken Back by AMT |
|---|---|---|---|---|---|
| | Number (Thousands) | Percent of Total | | | |
| Less than 30 | 64,611 | 42.1 | <0.05 | <0.05 | <0.05 |
| 30-50 | 28,109 | 18.3 | 0.1 | 0.9 | 0.4 |
| 50-75 | 20,366 | 13.3 | 1.0 | 7.4 | 2.9 |
| 75-100 | 14,376 | 9.4 | 2.5 | 26.9 | 9.9 |
| 100-200 | 18,350 | 12.0 | 8.0 | 63.1 | 39.7 |
| 200-500 | 5,269 | 3.4 | 14.9 | 76.9 | 63.4 |
| 500-1,000 | 907 | 0.6 | 3.5 | 69.5 | 28.0 |
| More than 1,000 | 415 | 0.3 | 2.0 | 42.4 | 7.6 |
| All | 153,472 | 100.0 | 1.9 | 14.4 | 25.0 |

*Source:* Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-2).
*Notes:* Data are for calendar year 2010. Tax cuts are calculated as a comparison of pre-EGTRRA law without the AMT and post 2001-06 tax cut law without the AMT. The share of the tax cuts taken back by the AMT is calculated using the increase in the AMT between pre-EGTRRA law and post tax cut law.
a. 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.
b. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.
c. Does not include tax units whose tax cut is reduced to zero by the AMT.