Average Federal Tax Rates under Alternative Tax Policies by Cash Income Percentile, 2013

Cash Income Percentile[1,2]	Average Federal Tax Rate (percent)[3] Pre-EGTRRA Law	2008 Tax Law[4]	2011 Tax Law, No Health[6]	President's Proposal[5] No Health[6]	President's Proposal[5] w/Health[7]
Lowest Quintile	3.8	3.4	1.8	1.8	1.8
Second Quintile	10.8	8.9	8.2	8.1	8.1
Middle Quintile	17.3	15.4	15.2	15.2	15.2
Fourth Quintile	21.3	18.9	18.8	18.8	18.9
Top Quintile	28.3	25.2	25.1	26.9	27.4
All Tax Units	23.1	20.5	20.3	21.3	21.5
80th-90th Percentile	24.5	21.5	21.4	21.5	21.6
90th-95th Percentile	25.7	22.9	22.8	23.0	23.0
95th-99th Percentile	27.2	24.6	24.6	25.6	25.9
Top 1 Percent	33.4	29.8	29.6	34.1	35.3
Top 0.1 Percent	36.9	32.8	32.6	38.2	39.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version

(1) 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

(2) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2011 dollars): 20% $17,909; 40% $37,090; 60% $64,531; 80% $111,344; 90% $160,377; 95% $227,314; 99% $592,985; 99.9% $2,682,143.

(3) Average pretax income minus individual and corporate income taxes and payroll taxes that finance Social Security and Medicare.

(4) 2008 tax law does not include stimulus provisions.

(5) Calendar year. The president's proposal would: repeal certain provisions in the 2001 and 2003 individual income tax cuts for married taxpayers with incomes greater than $250,000 ($200,000 for singles), indexed for inflation after 2009, as proposed in Administration's FY2012 budget; reinstate 2009 estate tax rate and exemption, unindexed; limit the value of all itemized deductions and certain other tax expenditures to 28 percent for married taxpayers with AGI greater than $250,000 ($200,000 for singles), indexed for inflation after 2009; tax carried interest in investment partnerships as ordinary income; close loopholes for corporate jet depreciation; repeal oil and gas subsidies; broaden business tax base; and make certain changes to international taxation. Estimates assume that taxpayers would adjust their investment portfolio and optimally pay down their mortgage balance if their tax benefit from mortgage interest were reduced. For a description of TPC's current law and current policy baselines, see
http://www.taxpolicycenter.org/T11-0270

(6) This option leaves out three provisions of the 2010 Health Act: the 0.9 percent increase in Medicare tax on earnings, the 3.8 percent tax on other income, and the higher threshold for deducting medical expenses.

(7) This option includes three provisions of the 2010 Health Act: the 0.9 percent increase in Medicare tax on earnings, the 3.8 percent tax on other income, and the higher threshold for deducting medical expenses.

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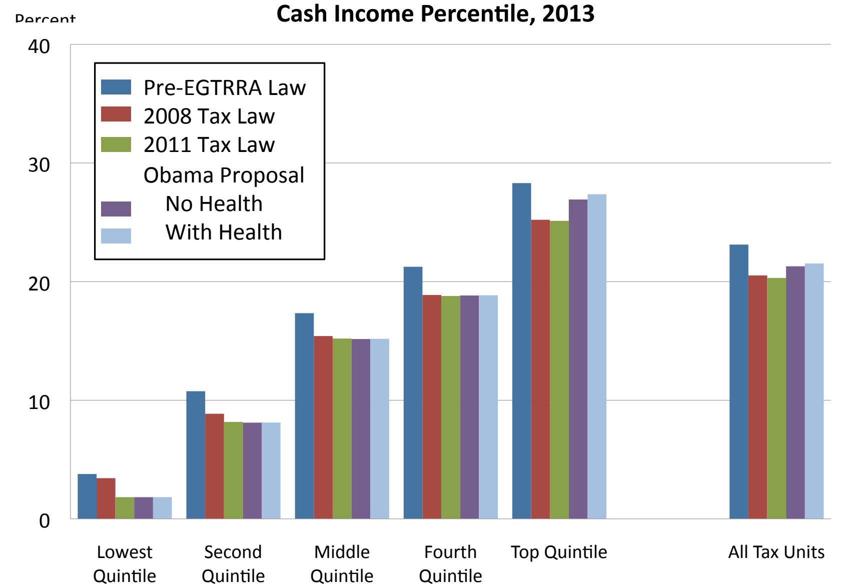

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