

DISTRIBUTIONAL EFFECTS OF A PROPOSAL TO  
ENACT THE MIDDLE-CLASS TAX CUTS AND AMT RELIEF  
PERMITTED AS POLICY ADJUSTMENTS UNDER THE STATUTORY  
PAY-AS-YOU-GO ACT OF 2010 ("PAYGO") (1)

Calendar Year 2011

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Average Tax Rate (4)	
							Present Law	Proposal
	Millions	Percent	Billions	Percent	Billions	Percent	Percent	Percent
Less than \$10,000.....	-\$1,508	-13.1%	\$12	0.5%	\$10	0.5%	8.6%	7.4%
\$10,000 to \$20,000.....	-\$9,446	-50.6%	\$19	0.9%	\$9	0.5%	5.0%	2.5%
\$20,000 to \$30,000.....	-\$14,273	-25.5%	\$56	2.6%	\$42	2.1%	11.8%	8.8%
\$30,000 to \$40,000.....	-\$14,047	-15.4%	\$91	4.2%	\$77	3.9%	16.1%	13.6%
\$40,000 to \$50,000.....	-\$11,913	-11.2%	\$106	4.9%	\$94	4.8%	17.6%	15.6%
\$50,000 to \$75,000.....	-\$27,140	-9.3%	\$290	13.3%	\$263	13.3%	19.0%	17.2%
\$75,000 to \$100,000.....	-\$28,973	-10.0%	\$290	13.3%	\$261	13.2%	21.3%	19.2%
\$100,000 to \$200,000.....	-\$63,591	-10.8%	\$587	26.9%	\$523	26.4%	25.2%	22.4%
\$200,000 to \$500,000.....	-\$25,333	-8.2%	\$307	14.1%	\$282	14.2%	28.3%	25.9%
\$500,000 to \$1,000,000...	-\$4,074	-3.2%	\$128	5.8%	\$123	6.2%	30.1%	29.2%
\$1,000,000 and over.....	-\$2,000	-0.7%	\$297	13.6%	\$295	14.9%	30.0%	29.9%
<b>Total, All Taxpayers.....</b>	<b>-\$202,294</b>	<b>-9.3%</b>	<b>\$2,183</b>	<b>100.0%</b>	<b>\$1,981</b>	<b>100.0%</b>	<b>22.1%</b>	<b>20.0%</b>

Source: Joint Committee on Taxation  
Detail may not add to total due to rounding.

- (1) The Middle-Class Tax Cuts in PAYGO included here are: (a) the 10-percent income tax bracket; (b) the child tax credit; (c) marriage penalty relief; (d) the adoption credit; (e) the dependent care credit; (f) the employer-provided child care credit; (g) education tax incentives; (h) the 25-percent and 28-percent income tax brackets; (i) the 33-percent income tax bracket (but only for taxpayers with AGI less than \$200,000 for singles filers and \$250,000 for joint filers); (j) the zero-percent and 15-percent tax rates structure on capital gains and qualified dividend income (but only for taxpayers with AGI less than \$200,000 for singles filers and \$250,000 for joint filers).
- (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 2009 levels.
- (3) Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.
- (4) The average tax rate is equal to Federal taxes described in footnote (3) divided by income described in footnote (2).