

**DISTRIBUTIONAL EFFECTS OF A PROPOSAL TO
PERMANENTLY EXTEND THE EXPIRING PROVISIONS OF THE "ECONOMIC GROWTH AND TAX RELIEF
RECONCILIATION ACT OF 2001" ("EGTRRA"), THE "JOB AND GROWTH TAX RELIEF RECONCILIATION
ACT OF 2003" ("JGTRRA"), AND SELECTED PROVISIONS OF THE "AMERICAN RECOVERY AND
REINVESTMENT ACT OF 2009" ("ARRA") AND AMT RELIEF(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.....	-\$1,501	-13.0%	\$12	0.5%	\$10	0.5%	8.6%	7.4%
\$10,000 to \$20,000.....	-\$9,433	-50.5%	\$19	0.9%	\$9	0.5%	5.0%	2.5%
\$20,000 to \$30,000.....	-\$14,251	-25.5%	\$56	2.6%	\$42	2.1%	11.8%	8.8%
\$30,000 to \$40,000.....	-\$14,021	-15.4%	\$91	4.2%	\$77	4.0%	16.1%	13.5%
\$40,000 to \$50,000.....	-\$11,823	-11.1%	\$106	4.9%	\$94	4.9%	17.6%	15.6%
\$50,000 to \$75,000.....	-\$26,822	-9.2%	\$290	13.3%	\$263	13.6%	19.0%	17.2%
\$75,000 to \$100,000.....	-\$28,528	-9.8%	\$290	13.3%	\$262	13.5%	21.3%	19.1%
\$100,000 to \$200,000.....	-\$62,313	-10.6%	\$587	26.9%	\$525	27.0%	25.2%	22.4%
\$200,000 to \$500,000.....	-\$26,871	-8.7%	\$307	14.1%	\$280	14.4%	28.3%	25.6%
\$500,000 to \$1,000,000...	-\$10,620	-8.3%	\$128	5.8%	\$117	6.0%	30.1%	26.2%
\$1,000,000 and over.....	-\$32,708	-11.0%	\$297	13.6%	\$265	13.6%	30.0%	24.6%
Total, All Taxpayers.....	-\$238,891	-10.9%	\$2,183	100.0%	\$1,944	100.0%	22.1%	19.4%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) The extended provisions of EGTRRA and JGTRRA included here are: (a) the reduced marginal income tax rates; (b) the phase-out of the Pease and PEP limitations; (c) the marriage-penalty relief; (d) the reduced tax rates on capital gains and dividend income; (e) the changes to dependent care credit; (f) the changes to the child credit; (g) the changes to student loan interest deduction; (h) the changes to the adoption credit; (i) the changes to the earned income tax credit; and (j) the treatment of the child credit, adoption credit and EIC under the AMT. The extended provisions of ARRA are the increase in the phase-out threshold for the earned income tax credit and the reduction in the earning threshold for the refundable child credit.
- (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).