

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T21-0039
Major Individual Income Tax Provisions in H.R.1319, The American Rescue Plan Act of 2021
As Passed by the Senate
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2021 ¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	Tax Units		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total				Change (%) Points)	Under the Proposal
Lowest Quintile	44,330	25.3	20.1	23.3	-2,810	-19.6	-17.0
Second Quintile	38,420	21.9	9.3	23.4	-3,250	-8.6	-1.7
Middle Quintile	35,490	20.2	5.5	22.3	-3,350	-4.8	7.2
Fourth Quintile	29,440	16.8	3.6	20.8	-3,770	-3.1	12.7
Top Quintile	24,680	14.1	0.7	8.8	-1,900	-0.5	22.8
All	175,540	100.0	3.8	100.0	-3,040	-3.1	14.9
Addendum							
80-90	12,740	7.3	2.0	7.7	-3,210	-1.6	17.4
90-95	6,080	3.5	0.4	1.0	-870	-0.3	20.7
95-99	4,720	2.7	0.1	0.2	-180	0.0	23.2
Top 1 Percent	1,150	0.7	0.0	0.0	20	0.0	29.1
Top 0.1 Percent	120	0.1	0.0	0.0	20	0.0	29.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0920-2).

Number of AMT Taxpayers (millions). Baseline: 0.1

Proposal: 0.2

(1) Calendar Year. Baseline is the law currently in place as of March 7, 2021. Includes certain provisions affecting: economic impact payments (additional recovery rebates for individuals); child tax credit (CTC); child and dependent care tax credit (CDCTC); and earned income tax credit (EITC). See Tables T21-0036, T21-0037, and T21-0030 through T21-0035 for details of the proposals included.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The 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 2020 dollars): 20% \$25,500; 40% \$51,000; 60% \$91,100; 80% \$164,300; 90% \$240,900; 95% \$341,700; 99% \$799,100; 99.9% \$3,496,400.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

The proposal would provide even larger nominal tax cuts in 2025—averaging nearly \$6,600. However, those tax cuts would represent a slightly smaller share (6.9 percent) of after-tax income (table 6 and figure 2). The **highest-income households (0.1 percent)** would receive an average **tax cut of nearly \$1.8 million, over 18 percent of after-tax income.** **Lower-income households** would receive **modest tax cuts** relative to current law.

On balance, the plan would significantly increase the number of households that would pay no income tax (or would receive an income tax refund). In 2017, an estimated 110 million households would pay no income tax under the plan, compared with 77 million under current law. That would boost the percentage of households paying no income tax from 44 percent to 63 percent.

TRUMP TAX CUTS FIRST PLAN

TABLE 6

Distribution of Federal Tax Change By expanded cash income percentile, 2025^a



Expanded cash income percentile ^{b,c}	Percent change in after-tax income (%) ^d	Share of total federal tax change (%)	Average federal tax change (\$)	Average Federal Tax Rate ^e	
				Change (% points)	Under the proposal (%)
Lowest quintile	1.1	0.8	-209	-1.1	3.4
Second quintile	3.1	4.5	-1,323	-2.8	5.9
Middle quintile	4.9	11.1	-3,621	-4.2	10.0
Fourth quintile	5.2	15.7	-6,210	-4.3	12.9
Top quintile	9.5	67.3	-32,276	-7.0	19.2
All	6.9	100.0	-6,594	-5.5	14.8
Addendum					
80–90	4.6	9.0	-8,391	-3.7	16.4
90–95	4.8	6.2	-11,778	-3.8	17.9
95–99	7.8	12.3	-31,582	-5.9	19.2
Top 1 percent	17.6	39.8	-407,375	-11.7	21.8
Top 0.1 percent	18.3	18.0	-1,780,826	-12.0	22.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3A).

Notes: Number of Alternative Minimum Tax (AMT) taxpayers (millions). Baseline: 5; Proposal: 0.

(a) Projections are for calendar year 2025; baseline is current law (including provisions in the Protecting Americans from Tax Hikes Act of 2015 and the Consolidated Appropriations Act of 2016). The proposal includes all individual, corporate, and estate tax provisions. <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>.

(b) The percentile includes both filing and non-filing units but excludes units that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class, but they are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>.

(c) The 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 2015 dollars) 20% \$26,101; 40% \$51,178; 60% \$87,777; 80% \$148,458; 90% \$217,212; 95% \$289,677; 99% \$846,843; 99.9% \$5,205,348.

(d) After-tax income is expanded cash income less individual income tax net of refundable credits, corporate income tax payroll taxes (Social Security and Medicare), estate tax, and excise taxes.

(e) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T16-0211
Donald Trump's Revised Tax Plan
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Level, 2017 ¹
Summary Table

Expanded Cash Income Level (thousands of 2016 dollars) ²	Tax Units		Percent Change in After-Tax Income ³	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁴	
	Number (thousands)	Percent of Total				Change (%) Points)	Under the Proposal
Less than 10	13,200	7.6	0.5	0.1	-30	-0.5	6.3
10-20	24,240	13.9	0.8	0.6	-120	-0.8	2.4
20-30	21,610	12.4	1.0	1.0	-240	-0.9	3.8
30-40	16,500	9.4	1.2	1.2	-390	-1.1	6.9
40-50	13,400	7.7	1.4	1.5	-560	-1.2	9.4
50-75	25,850	14.8	1.8	4.9	-980	-1.6	11.7
75-100	16,500	9.5	1.9	4.5	-1,400	-1.6	14.2
100-200	29,610	17.0	2.3	15.5	-2,690	-1.9	17.0
200-500	10,640	6.1	3.8	17.6	-8,510	-2.9	20.3
500-1,000	1,240	0.7	9.0	10.7	-44,380	-6.4	22.2
More than 1,000	680	0.4	14.2	42.2	-316,930	-9.3	24.7
All	174,680	100.0	4.1	100.0	-2,940	-3.3	16.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0516-1).

Number of AMT Taxpayers (millions). Baseline: 4.8

Proposal: 0

(1) Calendar year. Baseline is current law. For a description of the proposal see TPC's "An Analysis of Donald Trump's Revised Tax Plan".

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(4) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.