

**DISTRIBUTIONAL EFFECTS OF THE CHAIRMAN'S MODIFIED AMENDMENT
IN THE NATURE OF A SUBSTITUTE RELATING TO
THE "MARRIAGE TAX PENALTY RELIEF ACT OF 2000"**

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION



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**DISTRIBUTIONAL EFFECTS OF THE CHAIRMAN'S MODIFIED AMENDMENT IN THE NATURE OF A SUBSTITUTE RELATING TO
THE "MARRIAGE TAX PENALTY RELIEF ACT OF 2000" (1)**

Calendar Year 2001

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$17	-0.2%	\$7	0.4%	\$7	0.4%	8.6%	8.6%
10,000 to 20,000.....	-247	-1.0%	26	1.5%	25	1.5%	7.2%	7.1%
20,000 to 30,000.....	-816	-1.3%	62	3.7%	61	3.7%	12.5%	12.3%
30,000 to 40,000.....	-1,011	-1.1%	95	5.7%	94	5.6%	16.2%	16.0%
40,000 to 50,000.....	-977	-0.9%	105	6.3%	104	6.3%	17.5%	17.4%
50,000 to 75,000.....	-1,896	-0.7%	276	16.6%	274	16.5%	20.1%	20.0%
75,000 to 100,000.....	-1,289	-0.5%	246	14.8%	245	14.8%	22.6%	22.5%
100,000 to 200,000.....	-734	-0.2%	393	23.6%	392	23.7%	25.0%	25.0%
200,000 and over.....	-109	(5)	457	27.4%	457	27.5%	28.4%	28.4%
Total, All Taxpayers....	-\$7,096	-0.4%	\$1,665	100.0%	\$1,658	100.0%	21.5%	21.4%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes increases in the standard deduction, 15% bracket, and EIC phaseout level for married couples and repeal of AMT limit on refundable credits.
 - (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 2000 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), 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 effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than 0.005%.

**DISTRIBUTIONAL EFFECTS OF THE CHAIRMAN'S MODIFIED AMENDMENT IN THE NATURE OF A SUBSTITUTE RELATING TO
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Calendar Year 2002

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$16	-0.2%	\$7	0.4%	\$7	0.4%	9.0%	9.0%
10,000 to 20,000.....	-242	-0.9%	26	1.5%	26	1.5%	7.3%	7.2%
20,000 to 30,000.....	-813	-1.3%	63	3.6%	63	3.6%	12.4%	12.3%
30,000 to 40,000.....	-1,024	-1.1%	97	5.6%	96	5.5%	16.1%	15.9%
40,000 to 50,000.....	-1,008	-0.9%	109	6.3%	108	6.3%	17.6%	17.4%
50,000 to 75,000.....	-1,990	-0.7%	287	16.5%	285	16.5%	20.0%	19.8%
75,000 to 100,000.....	-1,361	-0.5%	257	14.8%	256	14.8%	22.5%	22.4%
100,000 to 200,000.....	-888	-0.2%	417	24.0%	416	24.0%	25.1%	25.0%
200,000 and over.....	-118	(5)	474	27.3%	474	27.4%	28.5%	28.5%
Total, All Taxpayers....	-\$7,459	-0.4%	\$1,738	100.0%	\$1,730	100.0%	21.5%	21.4%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

-
- (1) Includes increases in the standard deduction, 15% bracket, and EIC phaseout level for married couples and repeal of AMT limit on refundable credits.
 - (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 2000 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), 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 effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than 0.005%.

**DISTRIBUTIONAL EFFECTS OF THE CHAIRMAN'S MODIFIED AMENDMENT IN THE NATURE OF A SUBSTITUTE RELATING TO
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Calendar Year 2003

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$17	-0.2%	\$7	0.4%	\$7	0.4%	9.3%	9.3%
10,000 to 20,000.....	-239	-0.9%	27	1.5%	26	1.5%	7.4%	7.3%
20,000 to 30,000.....	-804	-1.2%	65	3.6%	64	3.5%	12.4%	12.3%
30,000 to 40,000.....	-1,075	-1.1%	100	5.5%	99	5.5%	16.0%	15.9%
40,000 to 50,000.....	-1,092	-1.0%	111	6.1%	110	6.1%	17.4%	17.2%
50,000 to 75,000.....	-2,271	-0.8%	299	16.5%	296	16.4%	19.9%	19.8%
75,000 to 100,000.....	-2,258	-0.8%	270	14.9%	268	14.9%	22.4%	22.2%
100,000 to 200,000.....	-2,154	-0.5%	441	24.3%	439	24.3%	25.1%	25.0%
200,000 and over.....	-399	-0.1%	493	27.2%	493	27.3%	28.6%	28.6%
Total, All Taxpayers....	-\$10,310	-0.6%	\$1,813	100.0%	\$1,803	100.0%	21.5%	21.4%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes increases in the standard deduction, 15% bracket, and EIC phaseout level for married couples and repeal of AMT limit on refundable credits.
 - (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 2000 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), 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 effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than 0.005%.

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Calendar Year 2004

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$17	-0.2%	\$8	0.4%	\$8	0.4%	9.5%	9.5%
10,000 to 20,000.....	-237	-0.9%	27	1.4%	27	1.4%	7.3%	7.3%
20,000 to 30,000.....	-806	-1.2%	67	3.5%	66	3.5%	12.4%	12.3%
30,000 to 40,000.....	-1,071	-1.0%	102	5.4%	101	5.4%	15.9%	15.8%
40,000 to 50,000.....	-1,110	-1.0%	113	6.0%	112	6.0%	17.3%	17.1%
50,000 to 75,000.....	-2,402	-0.8%	312	16.5%	310	16.5%	19.8%	19.7%
75,000 to 100,000.....	-3,022	-1.1%	280	14.8%	277	14.7%	22.2%	21.9%
100,000 to 200,000.....	-3,592	-0.8%	468	24.7%	464	24.7%	25.1%	24.9%
200,000 and over.....	-712	-0.1%	517	27.3%	516	27.5%	28.8%	28.7%
Total, All Taxpayers....	-\$12,969	-0.7%	\$1,893	100.0%	\$1,880	100.0%	21.6%	21.4%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes increases in the standard deduction, 15% bracket, and EIC phaseout level for married couples and repeal of AMT limit on refundable credits.
 - (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 2000 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), 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 effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than 0.005%.

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Calendar Year 2005

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$18	-0.2%	\$8	0.4%	\$8	0.4%	9.8%	9.8%
10,000 to 20,000.....	-238	-0.9%	27	1.4%	27	1.4%	7.4%	7.4%
20,000 to 30,000.....	-790	-1.2%	67	3.4%	66	3.4%	11.3%	11.2%
30,000 to 40,000.....	-1,141	-1.1%	105	5.3%	104	5.3%	16.0%	15.8%
40,000 to 50,000.....	-1,233	-1.0%	119	6.0%	118	6.0%	17.7%	17.5%
50,000 to 75,000.....	-2,700	-0.8%	320	16.2%	317	16.2%	21.6%	21.4%
75,000 to 100,000.....	-5,017	-1.7%	294	14.8%	289	14.7%	26.1%	25.7%
100,000 to 200,000.....	-7,314	-1.5%	497	25.1%	490	25.0%	34.6%	34.1%
200,000 and over.....	-1,542	-0.3%	543	27.4%	541	27.6%	35.6%	35.5%
Total, All Taxpayers....	-\$19,992	-1.0%	\$1,980	100.0%	\$1,960	100.0%	24.7%	24.4%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes increases in the standard deduction, 15% bracket, and EIC phaseout level for married couples and repeal of AMT limit on refundable credits.
 - (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 2000 levels.
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 - (5) Less than 0.005%.