



America's Federal Income Tax System Is Already Steeply Progressive

	Top 1%	Top 5%	Top 10%	Top 25%	Top 50%	Bottom 95%
<i>Families (2006)</i>	1.4 million	6.8 million	13.6 million	33.9 million	67.9 million	134.3 million
<i>Average Income Tax Rate</i>	22.8%	20.7%	18.9%	15.9%	13.9%	7.9%
<i>Income Share (AGI)</i>	22%	36.7%	47.3%	68.2%	87.5%	63.3%
<i>Federal Income Tax Share</i>	39.9%	60.1%	70.8%	86.2%	97%	39.9%
<i>Minimum AGI Threshold</i>	\$389,000	\$154,000	\$109,000	\$65,000	\$32,000	N/A

Major Highlights:

- The top 1% of households (those earning more than \$389,000 per year) earn 22% of America's income, but pay 40% of America's income tax. This is up from 26% in 1986 and 37% in 2000
- The top 5% of households (those earning more than \$154,000 per year) earn 37% of America's income, but pay 60% of America's income tax. This is up from 43% in 1986 and 56% in 2000
- The top 10% of households (those earning more than \$109,000 per year) earn 47% of America's income, but pay over 70% of America's income tax. This is up from 55% in 1986 and 67% in 2000
- Meanwhile, the lower half of income earners (those earning less than \$32,000) pay only 3% of income taxes. This is down from over 6% in 1986 and 4% in 2000
- The story these numbers tell is of an income tax system which is steeply progressive, and has gotten more so over time—not less

For more information on federal tax issues, contact ATR Tax Policy Director Ryan Ellis at rellis@atr.org

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T: (202) 785-0266

F: (202) 785-0261

www.atr.org