

**DISTRIBUTION OF THE ESTIMATED REVENUE EFFECTS RELATIVE TO THE CURRENT POLICY BASELINE
OF THE TAX PROVISIONS IN "TITLE VII - FINANCE, SUBTITLE A - TAX" OF THE SUBSTITUTE LEGISLATION UNDER
CONSIDERATION BY THE SENATE TO PROVIDE FOR RECONCILIATION OF THE FISCAL YEAR 2025 BUDGET^[1]**

Calendar Year 2027

Income Category ^[2]	Change In Federal Taxes ^[3]		Federal Taxes ^[3] Under Current Policy Baseline		Federal Taxes ^[3] Under Proposal		Average Tax Rate ^[4]	
	Billions	Percent	Billions	Percent	Billions	Percent	Current Policy	Proposal
							Percent	Percent
Less than \$15,000.....	\$ - 0.7	- 16.4 %	\$ 4.5	0.1 %	\$ 3.8	0.1 %	3.5 %	2.9 %
\$15,000 to \$30,000.....	\$ - 3.0	- 27.1 %	\$ 10.9	0.2 %	\$ 7.9	0.2 %	1.9 %	1.4 %
\$30,000 to \$40,000.....	\$ - 3.3	- 9.5 %	\$ 34.5	0.7 %	\$ 31.3	0.7 %	5.7 %	5.1 %
\$40,000 to \$50,000.....	\$ - 4.0	- 7.2 %	\$ 55.3	1.2 %	\$ 51.3	1.1 %	8.0 %	7.4 %
\$50,000 to \$60,000.....	\$ - 4.6	- 5.6 %	\$ 81.6	1.7 %	\$ 77.0	1.7 %	10.3 %	9.7 %
\$60,000 to \$80,000.....	\$ - 9.5	- 4.6 %	\$ 207.1	4.4 %	\$ 197.7	4.3 %	12.1 %	11.5 %
\$80,000 to \$100,000.....	\$ - 10.3	- 4.4 %	\$ 231.8	4.9 %	\$ 221.5	4.9 %	14.3 %	13.6 %
\$100,000 to \$150,000.....	\$ - 23.6	- 4.2 %	\$ 568.6	12.0 %	\$ 545.0	12.0 %	16.1 %	15.5 %
\$150,000 to \$200,000.....	\$ - 20.8	- 4.1 %	\$ 505.4	10.7 %	\$ 484.6	10.7 %	18.4 %	17.6 %
\$200,000 to \$500,000.....	\$ - 51.2	- 3.5 %	\$ 1,447.0	30.6 %	\$ 1,395.9	30.7 %	22.6 %	21.8 %
\$500,000 to \$1,000,000.....	\$ - 14.6	- 2.7 %	\$ 535.6	11.3 %	\$ 521.0	11.5 %	26.8 %	26.1 %
\$1,000,000 and Above.....	\$ - 34.3	- 3.3 %	\$ 1,044.6	22.1 %	\$ 1,010.3	22.2 %	28.7 %	27.8 %
Total, All Taxpayers.....	\$ - 179.8	- 3.8 %	\$ 4,726.9	100.0 %	\$ 4,547.0	100.0 %	19.3 %	18.6 %

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] This table provides a distributional analysis of the estimated revenue effects given in JCX-30-25, excluding Subtitle A, Chapter 1, Provisions 6 and 15 through 19; Subtitle A, Chapter 2, Provision 3; Subtitle A, Chapter 3, Subchapter A, Provision 9; Subtitle A, Chapter 4, Subchapter A, Provisions 1 and 3; Subtitle A, Chapter 4, Subchapter B; Subtitle A, Chapter 4, Subchapter C, Provisions 2, 3, 7, 8, and 9; Subtitle A, Chapter 4, Subchapter D, Provisions 1 and 5 through 8; Subtitle A, Chapter 5, Subchapter A, Provisions 1, 2, and 3; Subtitle A, Chapter 6, Provisions 5, 6, and 8; and Subtitles B and C. See pages 9 through 14 of this document. Individuals who are dependents of other taxpayers, and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.

[2] The measure of income 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Categories are measured at 2025 levels.

[3] Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), excise taxes (attributed to consumers), and corporate income taxes. The estimates of Federal taxes are preliminary and subject to change.

[4] The average tax rate is equal to Federal taxes described in footnote [3] divided by income described in footnote [2].

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CONSIDERATION BY THE SENATE TO PROVIDE FOR RECONCILIATION OF THE FISCAL YEAR 2025 BUDGET^[1]**

Calendar Year 2029

Income Category ^[2]	Change In Federal Taxes ^[3]		Federal Taxes ^[3] Under Current Policy Baseline		Federal Taxes ^[3] Under Proposal		Average Tax Rate ^[4]	
	Billions	Percent	Billions	Percent	Billions	Percent	Current Policy	Proposal
							Percent	Percent
Less than \$15,000.....	\$ - 0.2	- 6.0 %	\$ 4.0	0.1 %	\$ 3.7	0.1 %	2.8 %	2.6 %
\$15,000 to \$30,000.....	\$ - 1.3	- 9.8 %	\$ 13.1	0.3 %	\$ 11.8	0.2 %	2.2 %	2.0 %
\$30,000 to \$40,000.....	\$ - 1.6	- 4.3 %	\$ 37.9	0.7 %	\$ 36.2	0.7 %	5.7 %	5.5 %
\$40,000 to \$50,000.....	\$ - 1.9	- 3.1 %	\$ 61.4	1.2 %	\$ 59.5	1.2 %	8.2 %	7.9 %
\$50,000 to \$60,000.....	\$ - 2.3	- 2.6 %	\$ 89.5	1.8 %	\$ 87.2	1.7 %	10.4 %	10.1 %
\$60,000 to \$80,000.....	\$ - 4.3	- 1.9 %	\$ 226.8	4.5 %	\$ 222.5	4.5 %	12.1 %	11.9 %
\$80,000 to \$100,000.....	\$ - 4.2	- 1.7 %	\$ 256.6	5.0 %	\$ 252.4	5.1 %	14.3 %	14.1 %
\$100,000 to \$150,000.....	\$ - 8.3	- 1.3 %	\$ 619.7	12.2 %	\$ 611.4	12.3 %	16.1 %	15.9 %
\$150,000 to \$200,000.....	\$ - 8.8	- 1.6 %	\$ 545.9	10.7 %	\$ 537.1	10.8 %	18.5 %	18.2 %
\$200,000 to \$500,000.....	\$ - 33.5	- 2.1 %	\$ 1,572.9	30.9 %	\$ 1,539.3	30.9 %	22.8 %	22.3 %
\$500,000 to \$1,000,000.....	\$ - 8.5	- 1.5 %	\$ 575.4	11.3 %	\$ 566.9	11.4 %	27.2 %	26.8 %
\$1,000,000 and Above.....	\$ - 22.4	- 2.1 %	\$ 1,082.5	21.3 %	\$ 1,060.1	21.3 %	29.0 %	28.4 %
Total, All Taxpayers.....	\$ - 97.5	- 1.9 %	\$ 5,085.6	100.0 %	\$ 4,988.2	100.0 %	19.4 %	19.0 %

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] This table provides a distributional analysis of the estimated revenue effects given in JCX-30-25, excluding Subtitle A, Chapter 1, Provisions 6 and 15 through 19; Subtitle A, Chapter 2, Provision 3; Subtitle A, Chapter 3, Subchapter A, Provision 9; Subtitle A, Chapter 4, Subchapter A, Provisions 1 and 3; Subtitle A, Chapter 4, Subchapter B; Subtitle A, Chapter 4, Subchapter C, Provisions 2, 3, 7, 8, and 9; Subtitle A, Chapter 4, Subchapter D, Provisions 1 and 5 through 8; Subtitle A, Chapter 5, Subchapter A, Provisions 1, 2, and 3; Subtitle A, Chapter 6, Provisions 5, 6, and 8; and Subtitles B and C. See pages 9 through 14 of this document. Individuals who are dependents of other taxpayers, and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.

[2] The measure of income 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Categories are measured at 2025 levels.

[3] Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), excise taxes (attributed to consumers), and corporate income taxes. The estimates of Federal taxes are preliminary and subject to change.

[4] The average tax rate is equal to Federal taxes described in footnote [3] divided by income described in footnote [2].

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CONSIDERATION BY THE SENATE TO PROVIDE FOR RECONCILIATION OF THE FISCAL YEAR 2025 BUDGET^[1]**

Calendar Year 2031

Income Category ^[2]	Change In		Federal Taxes ^[3]		Federal Taxes ^[3]		Average Tax Rate ^[4]	
	Federal		Under Current		Under		Current	Proposal
	Taxes ^[3]		Policy Baseline		Proposal		Policy	Proposal
	Billions	Percent	Billions	Percent	Billions	Percent	Percent	Percent
Less than \$15,000.....	\$ [5]	0.3 %	\$ 3.9	0.1 %	\$ 3.9	0.1 %	2.5 %	2.6 %
\$15,000 to \$30,000.....	\$ - 0.8	- 5.1 %	\$ 15.5	0.3 %	\$ 14.7	0.3 %	2.4 %	2.3 %
\$30,000 to \$40,000.....	\$ - 1.5	- 3.5 %	\$ 41.1	0.8 %	\$ 39.7	0.7 %	5.8 %	5.6 %
\$40,000 to \$50,000.....	\$ - 1.8	- 2.6 %	\$ 66.6	1.2 %	\$ 64.8	1.2 %	8.2 %	8.0 %
\$50,000 to \$60,000.....	\$ - 2.2	- 2.2 %	\$ 96.6	1.8 %	\$ 94.5	1.7 %	10.3 %	10.1 %
\$60,000 to \$80,000.....	\$ - 3.9	- 1.6 %	\$ 244.7	4.5 %	\$ 240.8	4.4 %	12.1 %	11.9 %
\$80,000 to \$100,000.....	\$ - 3.4	- 1.2 %	\$ 281.6	5.1 %	\$ 278.2	5.1 %	14.3 %	14.2 %
\$100,000 to \$150,000.....	\$ - 4.3	- 0.6 %	\$ 671.8	12.3 %	\$ 667.5	12.2 %	15.9 %	15.8 %
\$150,000 to \$200,000.....	\$ - 3.3	- 0.6 %	\$ 589.8	10.8 %	\$ 586.5	10.8 %	18.4 %	18.3 %
\$200,000 to \$500,000.....	\$ 2.5	0.1 %	\$ 1,716.0	31.3 %	\$ 1,718.4	31.5 %	22.9 %	22.9 %
\$500,000 to \$1,000,000.....	\$ - 0.6	- 0.1 %	\$ 617.1	11.3 %	\$ 616.5	11.3 %	27.3 %	27.3 %
\$1,000,000 and Above.....	\$ - 10.7	- 0.9 %	\$ 1,134.3	20.7 %	\$ 1,123.5	20.6 %	28.8 %	28.6 %
Total, All Taxpayers.....	\$ - 29.9	- 0.5 %	\$ 5,478.9	100.0 %	\$ 5,449.0	100.0 %	19.3 %	19.2 %

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] This table provides a distributional analysis of the estimated revenue effects given in JCX-30-25, excluding Subtitle A, Chapter 1, Provisions 6 and 15 through 19; Subtitle A, Chapter 2, Provision 3; Subtitle A, Chapter 3, Subchapter A, Provision 9; Subtitle A, Chapter 4, Subchapter A, Provisions 1 and 3; Subtitle A, Chapter 4, Subchapter B; Subtitle A, Chapter 4, Subchapter C, Provisions 2, 3, 7, 8, and 9; Subtitle A, Chapter 4, Subchapter D, Provisions 1 and 5 through 8; Subtitle A, Chapter 5, Subchapter A, Provisions 1, 2, and 3; Subtitle A, Chapter 6, Provisions 5, 6, and 8; and Subtitles B and C. See pages 9 through 14 of this document. Individuals who are dependents of other taxpayers, and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.

[2] The measure of income 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Categories are measured at 2025 levels.

[3] Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), excise taxes (attributed to consumers), and corporate income taxes. The estimates of Federal taxes are preliminary and subject to change.

[4] The average tax rate is equal to Federal taxes described in footnote [3] divided by income described in footnote [2].

[5] Gain of less than \$50 million.

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CONSIDERATION BY THE SENATE TO PROVIDE FOR RECONCILIATION OF THE FISCAL YEAR 2025 BUDGET^[1]**

Calendar Year 2033

Income Category ^[2]	Change In		Federal Taxes ^[3]		Federal Taxes ^[3]		Average Tax Rate ^[4]	
	Federal		Under Current		Under		Current	Proposal
	Taxes ^[3]		Policy Baseline		Proposal		Policy	Proposal
	Billions	Percent	Billions	Percent	Billions	Percent	Percent	Percent
Less than \$15,000.....	\$ 0.1	2.8 %	\$ 3.9	0.1 %	\$ 4.0	0.1 %	2.4 %	2.4 %
\$15,000 to \$30,000.....	\$ - 0.8	- 4.8 %	\$ 17.6	0.3 %	\$ 16.8	0.3 %	2.6 %	2.5 %
\$30,000 to \$40,000.....	\$ - 1.7	- 3.8 %	\$ 44.9	0.8 %	\$ 43.2	0.7 %	6.0 %	5.7 %
\$40,000 to \$50,000.....	\$ - 2.0	- 2.9 %	\$ 70.5	1.2 %	\$ 68.5	1.2 %	8.1 %	7.8 %
\$50,000 to \$60,000.....	\$ - 2.5	- 2.5 %	\$ 102.3	1.7 %	\$ 99.7	1.7 %	10.2 %	9.9 %
\$60,000 to \$80,000.....	\$ - 4.6	- 1.7 %	\$ 264.1	4.5 %	\$ 259.5	4.4 %	12.1 %	11.9 %
\$80,000 to \$100,000.....	\$ - 3.9	- 1.3 %	\$ 306.7	5.2 %	\$ 302.8	5.1 %	14.3 %	14.2 %
\$100,000 to \$150,000.....	\$ - 5.1	- 0.7 %	\$ 728.7	12.3 %	\$ 723.6	12.3 %	15.9 %	15.7 %
\$150,000 to \$200,000.....	\$ - 4.1	- 0.6 %	\$ 637.3	10.8 %	\$ 633.2	10.7 %	18.4 %	18.3 %
\$200,000 to \$500,000.....	\$ 3.2	0.2 %	\$ 1,878.6	31.7 %	\$ 1,881.8	31.9 %	23.0 %	23.0 %
\$500,000 to \$1,000,000.....	\$ 0.9	0.1 %	\$ 664.1	11.2 %	\$ 665.0	11.3 %	27.5 %	27.6 %
\$1,000,000 and Above.....	\$ - 7.7	- 0.6 %	\$ 1,205.9	20.4 %	\$ 1,198.2	20.3 %	28.8 %	28.6 %
Total, All Taxpayers.....	\$ - 28.3	- 0.5 %	\$ 5,924.6	100.0 %	\$ 5,896.3	100.0 %	19.4 %	19.3 %

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] This table provides a distributional analysis of the estimated revenue effects given in JCX-30-25, excluding Subtitle A, Chapter 1, Provisions 6 and 15 through 19; Subtitle A, Chapter 2, Provision 3; Subtitle A, Chapter 3, Subchapter A, Provision 9; Subtitle A, Chapter 4, Subchapter A, Provisions 1 and 3; Subtitle A, Chapter 4, Subchapter B; Subtitle A, Chapter 4, Subchapter C, Provisions 2, 3, 7, 8, and 9; Subtitle A, Chapter 4, Subchapter D, Provisions 1 and 5 through 8; Subtitle A, Chapter 5, Subchapter A, Provisions 1, 2, and 3; Subtitle A, Chapter 6, Provisions 5, 6, and 8; and Subtitles B and C. See pages 9 through 14 of this document. Individuals who are dependents of other taxpayers, and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.

[2] The measure of income 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Categories are measured at 2025 levels.

[3] Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), excise taxes (attributed to consumers), and corporate income taxes. The estimates of Federal taxes are preliminary and subject to change.

[4] The average tax rate is equal to Federal taxes described in footnote [3] divided by income described in footnote [2].

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Calendar Year 2027

Equivalized Income Quantile ^[2]	Change In Federal Taxes ^[3]		Federal Taxes ^[3] Under Current Policy Baseline		Federal Taxes ^[3] Under Proposal		Average Tax Rate ^[4]	
	Billions	Percent	Billions	Percent	Billions	Percent	Current Policy	Proposal
							Percent	Percent
Lowest Quintile (Less than P ₂₀).....	\$ - 3.1	[5]	\$ - 11.7	- 0.2 %	\$ - 14.7	- 0.3 %	- 1.9 %	- 2.4 %
Second Quintile (P ₂₀ to P ₄₀).....	\$ - 10.0	- 7.9 %	\$ 125.6	2.7 %	\$ 115.6	2.5 %	7.2 %	6.6 %
Third Quintile (P ₄₀ to P ₆₀).....	\$ - 16.2	- 4.6 %	\$ 353.7	7.5 %	\$ 337.5	7.4 %	11.9 %	11.4 %
Fourth Quintile (P ₆₀ to P ₈₀).....	\$ - 34.8	- 4.4 %	\$ 791.3	16.7 %	\$ 756.5	16.6 %	16.3 %	15.6 %
80th to 90th Percentile.....	\$ - 29.2	- 3.9 %	\$ 755.7	16.0 %	\$ 726.5	16.0 %	20.0 %	19.2 %
90th to 95th Percentile.....	\$ - 19.2	- 3.2 %	\$ 606.4	12.8 %	\$ 587.2	12.9 %	22.7 %	22.0 %
95th to 99th Percentile.....	\$ - 28.6	- 3.2 %	\$ 895.8	19.0 %	\$ 867.2	19.1 %	25.2 %	24.4 %
99th to 99.9th Percentile.....	\$ - 19.3	- 3.0 %	\$ 643.8	13.6 %	\$ 624.5	13.7 %	28.8 %	28.0 %
Highest 0.1 Percentile.....	\$ - 19.4	- 3.4 %	\$ 566.2	12.0 %	\$ 546.8	12.0 %	28.1 %	27.2 %
Total, All Taxpayers.....	\$ - 179.8	- 3.8 %	\$ 4,726.9	100.0 %	\$ 4,547.0	100.0 %	19.3 %	18.6 %

Joint Committee on Taxation

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[2] For the purpose of sorting tax returns by income, equivalized income accounts for the size of a tax unit by dividing the measure of income by the square root of the number of individuals in the tax unit. Income is measured as 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Equivalized income is used for sorting only and does not affect income or tax liabilities elsewhere in this analysis. Details are presented for taxpayers sorted into quintiles, each containing a fifth of all tax units, with the highest income quintile further sorted into smaller percentile groups.

[3] Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), excise taxes (attributed to consumers), and corporate income taxes. The estimates of Federal taxes are preliminary and subject to change.

[4] The average tax rate is equal to Federal taxes described in footnote [3] divided by income described in footnote [2].

[5] For returns in the lowest equivalized income quintile, Federal taxes would decrease from -\$11.654 billion to -\$14.746 billion.

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Calendar Year 2029

Equivalized Income Quantile ^[2]	Change In Federal Taxes ^[3]		Federal Taxes ^[3] Under Current Policy Baseline		Federal Taxes ^[3] Under Proposal		Average Tax Rate ^[4]	
							Current Policy	Proposal
	Billions	Percent	Billions	Percent	Billions	Percent	Percent	Percent
Lowest Quintile (Less than P ₂₀).....	\$ - 1.6	[5]	\$ - 10.5	- 0.2 %	\$ - 12.1	- 0.2 %	- 1.6 %	- 1.8 %
Second Quintile (P ₂₀ to P ₄₀).....	\$ - 6.7	- 4.7 %	\$ 142.2	2.7 %	\$ 135.5	2.7 %	7.5 %	7.1 %
Third Quintile (P ₄₀ to P ₆₀).....	\$ - 7.7	- 2.0 %	\$ 384.3	7.5 %	\$ 376.5	7.5 %	11.9 %	11.7 %
Fourth Quintile (P ₆₀ to P ₈₀).....	\$ - 12.7	- 1.5 %	\$ 854.1	16.7 %	\$ 841.4	16.9 %	16.3 %	16.0 %
80th to 90th Percentile.....	\$ - 12.0	- 1.5 %	\$ 816.1	16.0 %	\$ 804.1	16.1 %	20.0 %	19.7 %
90th to 95th Percentile.....	\$ - 11.1	- 1.7 %	\$ 656.7	12.8 %	\$ 645.6	12.9 %	22.8 %	22.4 %
95th to 99th Percentile.....	\$ - 20.5	- 2.1 %	\$ 968.2	19.0 %	\$ 947.7	19.0 %	25.5 %	24.9 %
99th to 99.9th Percentile.....	\$ - 11.9	- 1.8 %	\$ 678.5	13.6 %	\$ 666.6	13.4 %	29.0 %	28.5 %
Highest 0.1 Percentile.....	\$ - 13.2	- 2.2 %	\$ 595.9	12.0 %	\$ 582.7	11.7 %	28.3 %	27.7 %
Total, All Taxpayers.....	\$ - 97.5	- 1.9 %	\$ 5,085.6	100.0 %	\$ 4,988.2	100.0 %	19.4 %	19.0 %

Joint Committee on Taxation

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[3] Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), excise taxes (attributed to consumers), and corporate income taxes. The estimates of Federal taxes are preliminary and subject to change.

[4] The average tax rate is equal to Federal taxes described in footnote [3] divided by income described in footnote [2].

[5] For returns in the lowest equivalized income quintile, Federal taxes would decrease from -\$10.506 billion to -\$12.071 billion.

**DISTRIBUTION OF THE ESTIMATED REVENUE EFFECTS RELATIVE TO THE CURRENT POLICY BASELINE
OF THE TAX PROVISIONS IN "TITLE VII - FINANCE, SUBTITLE A - TAX" OF THE SUBSTITUTE LEGISLATION UNDER
CONSIDERATION BY THE SENATE TO PROVIDE FOR RECONCILIATION OF THE FISCAL YEAR 2025 BUDGET^[1]**

Calendar Year 2031

Equivalized Income Quantile ^[2]	Change In Federal Taxes ^[3]		Federal Taxes ^[3] Under Current Policy Baseline		Federal Taxes ^[3] Under Proposal		Average Tax Rate ^[4]	
	Billions	Percent	Billions	Percent	Billions	Percent	Current Policy	Proposal
							Percent	Percent
Lowest Quintile (Less than P ₂₀).....	\$ - 1.2	[5]	\$ - 7.9	- 0.1 %	\$ - 9.1	- 0.2 %	- 1.1 %	- 1.2 %
Second Quintile (P ₂₀ to P ₄₀).....	\$ - 6.7	- 4.2 %	\$ 160.0	2.9 %	\$ 153.2	2.8 %	7.7 %	7.4 %
Third Quintile (P ₄₀ to P ₆₀).....	\$ - 6.8	- 1.6 %	\$ 419.2	7.7 %	\$ 412.4	7.6 %	11.9 %	11.7 %
Fourth Quintile (P ₆₀ to P ₈₀).....	\$ - 8.1	- 0.9 %	\$ 922.4	16.8 %	\$ 914.3	16.8 %	16.2 %	16.1 %
80th to 90th Percentile.....	\$ - 2.2	- 0.2 %	\$ 882.0	16.1 %	\$ 879.9	16.1 %	19.9 %	19.9 %
90th to 95th Percentile.....	\$ 2.3	0.3 %	\$ 711.5	13.0 %	\$ 713.8	13.1 %	22.9 %	23.0 %
95th to 99th Percentile.....	\$ 3.5	0.3 %	\$ 1,043.6	19.0 %	\$ 1,047.0	19.2 %	25.6 %	25.7 %
99th to 99.9th Percentile.....	\$ - 4.1	- 0.6 %	\$ 715.7	13.1 %	\$ 711.6	13.1 %	29.0 %	28.8 %
Highest 0.1 Percentile.....	\$ - 6.6	- 1.0 %	\$ 632.5	11.5 %	\$ 625.9	11.5 %	28.2 %	27.9 %
Total, All Taxpayers.....	\$ - 29.9	- 0.5 %	\$ 5,478.9	100.0 %	\$ 5,449.0	100.0 %	19.3 %	19.2 %

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] This table provides a distributional analysis of the estimated revenue effects given in JCX-30-25, excluding Subtitle A, Chapter 1, Provisions 6 and 15 through 19; Subtitle A, Chapter 2, Provision 3; Subtitle A, Chapter 3, Subchapter A, Provision 9; Subtitle A, Chapter 4, Subchapter A, Provisions 1 and 3; Subtitle A, Chapter 4, Subchapter B; Subtitle A, Chapter 4, Subchapter C, Provisions 2, 3, 7, 8, and 9; Subtitle A, Chapter 4, Subchapter D, Provisions 1 and 5 through 8; Subtitle A, Chapter 5, Subchapter A, Provisions 1, 2, and 3; Subtitle A, Chapter 6, Provisions 5, 6, and 8; and Subtitles B and C. See pages 9 through 14 of this document. Individuals who are dependents of other taxpayers, and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.

[2] For the purpose of sorting tax returns by income, equivalized income accounts for the size of a tax unit by dividing the measure of income by the square root of the number of individuals in the tax unit. Income is measured as 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Equivalized income is used for sorting only and does not affect income or tax liabilities elsewhere in this analysis. Details are presented for taxpayers sorted into quintiles, each containing a fifth of all tax units, with the highest income quintile further sorted into smaller percentile groups.

[3] Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), excise taxes (attributed to consumers), and corporate income taxes. The estimates of Federal taxes are preliminary and subject to change.

[4] The average tax rate is equal to Federal taxes described in footnote [3] divided by income described in footnote [2].

[5] For returns in the lowest equivalized income quintile, Federal taxes would decrease from -\$7.898 billion to -\$9.068 billion.

**DISTRIBUTION OF THE ESTIMATED REVENUE EFFECTS RELATIVE TO THE CURRENT POLICY BASELINE
OF THE TAX PROVISIONS IN "TITLE VII - FINANCE, SUBTITLE A - TAX" OF THE SUBSTITUTE LEGISLATION UNDER
CONSIDERATION BY THE SENATE TO PROVIDE FOR RECONCILIATION OF THE FISCAL YEAR 2025 BUDGET^[1]**

Calendar Year 2033

Equivalized Income Quantile ^[2]	Change In Federal Taxes ^[3]		Federal Taxes ^[3] Under Current Policy Baseline		Federal Taxes ^[3] Under Proposal		Average Tax Rate ^[4]	
	Billions	Percent	Billions	Percent	Billions	Percent	Current Policy	Proposal
							Percent	Percent
Lowest Quintile (Less than P ₂₀).....	\$ - 1.7	[5]	\$ - 5.3	- 0.1 %	\$ - 7.0	- 0.1 %	- 0.7 %	- 0.9 %
Second Quintile (P ₂₀ to P ₄₀).....	\$ - 7.8	- 4.4 %	\$ 178.5	3.0 %	\$ 170.7	2.9 %	7.9 %	7.5 %
Third Quintile (P ₄₀ to P ₆₀).....	\$ - 7.9	- 1.7 %	\$ 456.9	7.7 %	\$ 449.0	7.6 %	11.9 %	11.7 %
Fourth Quintile (P ₆₀ to P ₈₀).....	\$ - 9.3	- 0.9 %	\$ 998.6	16.9 %	\$ 989.2	16.8 %	16.2 %	16.1 %
80th to 90th Percentile.....	\$ - 2.5	- 0.3 %	\$ 955.5	16.1 %	\$ 953.0	16.2 %	20.0 %	19.9 %
90th to 95th Percentile.....	\$ 2.7	0.4 %	\$ 772.4	13.0 %	\$ 775.1	13.1 %	23.0 %	23.1 %
95th to 99th Percentile.....	\$ 5.4	0.5 %	\$ 1,127.7	19.0 %	\$ 1,133.1	19.2 %	25.8 %	25.9 %
99th to 99.9th Percentile.....	\$ - 2.0	- 0.3 %	\$ 761.4	12.9 %	\$ 759.4	12.9 %	29.0 %	28.9 %
Highest 0.1 Percentile.....	\$ - 5.2	- 0.8 %	\$ 679.0	11.5 %	\$ 673.8	11.4 %	28.1 %	27.9 %
Total, All Taxpayers.....	\$ - 28.3	- 0.5 %	\$ 5,924.6	100.0 %	\$ 5,896.3	100.0 %	19.4 %	19.3 %

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] This table provides a distributional analysis of the estimated revenue effects given in JCX-30-25, excluding Subtitle A, Chapter 1, Provisions 6 and 15 through 19; Subtitle A, Chapter 2, Provision 3; Subtitle A, Chapter 3, Subchapter A, Provision 9; Subtitle A, Chapter 4, Subchapter A, Provisions 1 and 3; Subtitle A, Chapter 4, Subchapter B; Subtitle A, Chapter 4, Subchapter C, Provisions 2, 3, 7, 8, and 9; Subtitle A, Chapter 4, Subchapter D, Provisions 1 and 5 through 8; Subtitle A, Chapter 5, Subchapter A, Provisions 1, 2, and 3; Subtitle A, Chapter 6, Provisions 5, 6, and 8; and Subtitles B and C. See pages 9 through 14 of this document. Individuals who are dependents of other taxpayers, and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.

[2] For the purpose of sorting tax returns by income, equivalized income accounts for the size of a tax unit by dividing the measure of income by the square root of the number of individuals in the tax unit. Income is measured as 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Equivalized income is used for sorting only and does not affect income or tax liabilities elsewhere in this analysis. Details are presented for taxpayers sorted into quintiles, each containing a fifth of all tax units, with the highest income quintile further sorted into smaller percentile groups.

[3] Federal taxes are equal to individual income tax (including the outlay portion of refundable credits), employment tax (attributed to employees), excise taxes (attributed to consumers), and corporate income taxes. The estimates of Federal taxes are preliminary and subject to change.

[4] The average tax rate is equal to Federal taxes described in footnote [3] divided by income described in footnote [2].

[5] For returns in the lowest equivalized income quintile, Federal taxes would decrease from -\$5.330 billion to -\$7.031 billion.

PROVISIONS FROM JCX-30-25 INCLUDED IN DISTRIBUTION TABLE D-09-25

SUBTITLE A - TAX

Chapter 1: Providing Permanent Tax Relief for Middle-Class Families and Workers

- Provision 1. Extension and limited enhancement of reduced rates.
- Provision 2. Extension and enhancement of increased standard deduction.
- Provision 3. Termination of deduction for personal exemptions other than temporary senior deduction.
- Provision 4. Extension and enhancement of increased child tax credit.
- Provision 5. Extension and enhancement of deduction for qualified business income.
- Provision 7. Extension of increased alternative minimum tax exemption amounts, modification of phaseout thresholds, and increased threshold phaseout rate.
- Provision 8. Extension of limitation on deduction for qualified residence interest.
- Provision 9. Extension and modification of limitation on casualty loss deduction.
- Provision 10. Termination of miscellaneous itemized deductions other than educator expenses.
- Provision 11. Limitation on tax benefit of itemized deductions.
- Provision 12. Extension and modification of qualified transportation fringe benefits.
- Provision 13. Extension and modification of limitation on deduction and exclusion for moving expenses.
- Provision 14. Extension and modification of limitation on wagering losses.
- Provision 20. Limitation on individual deductions for certain State and local taxes.

Chapter 2: Delivering on Presidential Priorities to Provide New Middle-Class Tax Relief

- Provision 1. No tax on tips (sunset 21/31/28).
- Provision 2. No tax on overtime (sunset 21/31/28).
- Provision 4. Trump accounts and contribution pilot program.

Chapter 3: Establishing Certainty and Competitiveness for American Job Creators

Subchapter A - Permanent U.S. Business Tax Reforms and Boosting Domestic Investment

- Provision 1. Full expensing for certain business property.
- Provision 2. Full expensing of domestic research and experimental expenditures.
- Provision 3. Modification of limitation on business interest.
- Provision 4. Extension and enhancement of paid family and medical leave credit.
- Provision 5. Exceptions from limitation on deduction for business meals.
- Provision 6. Increased dollar limitations for expensing of certain depreciable business assets.
- Provision 7. Special depreciation allowance for qualified production property.
- Provision 8. Enhancement of advanced manufacturing investment credit.

Subchapter B - Permanent America-First International Tax Reforms (All Provisions)

Chapter 4: Investing in American Families, Communities, and Small Businesses

Subchapter A - Permanent Investments in Families and Children

- Provision 2. Enhancement of adoption credit.
- Provision 4. Enhancement of the dependent care assistance program.

PROVISIONS FROM JCX-30-25 INCLUDED IN DISTRIBUTION TABLE D-09-25 (continued)**SUBTITLE A - TAX**

Chapter 4: Investing in American Families, Communities, and Small Businesses

Subchapter A - Permanent Investments in Families and Children

Provision 5. Enhancement of child and dependent care tax credit.

Subchapter C - Permanent Investments in Community Development

Provision 1. Permanent renewal and enhancement of opportunity zones.

Provision 4. Permanent and expanded reinstatement of partial deduction for charitable contributions of individuals who do not elect to itemize.

Provision 5. 0.5 percent floor on deduction of contributions made by individuals.

Provision 6. 1-percent floor on deduction of charitable contributions made by corporations.

Provision 10. Exception to percentage of completion method of accounting for certain residential construction contracts.

Subchapter D - Permanent Investments in Small Business and Rural America

Provision 2. Repeal of revision to de minimis rules for third party network transactions.

Provision 3. Increase in threshold for requiring information reporting with respect to certain payees.

Provision 4. Treatment of certain qualified sound recording productions.

Chapter 5: Ending Green New Deal Spending, Promoting America-First Energy, and Other Reforms

Subchapter A - Termination of Green New Deal Subsidies

Provision 4. Termination of alternative fuel vehicle refueling property credit.

Provision 5. Termination of energy efficient home improvement credit.

Provision 6. Termination of residential clean energy credit.

Provision 7. Termination of energy efficient commercial buildings deduction.

Provision 8. Termination of new energy efficient home credit.

Provision 9. Termination of cost recovery for energy property and qualified clean energy facilities, property, and technology.

Provision 10. Modifications of zero-emission nuclear power production credit.

Provision 11. Termination of clean hydrogen production credit.

Provision 12. Termination and restrictions on clean electricity production credit.

Provision 13. Termination and restrictions on clean electricity investment credit.

Provision 14. Phase-out and restrictions on advanced manufacturing production credit.

Provision 15. Restriction on the extension of advanced energy project credit program.

Subchapter B - Enhancement of America-First Energy Policy (All Provisions)

Chapter 6: Enhancing Deduction and Income Tax Credit Guardrails and Other Reforms

Provision 1. Modification and extension of limitation on excess business losses of noncorporate taxpayers.

Provision 2. Treatment of payments from partnerships to partners for property or services.

Provision 3. Excessive employee remuneration from controlled group members and allocation of deduction.

Provision 4. Third party litigation funding reform.

Provision 7. Social Security number requirement for American opportunity lifetime learning credits.

PROVISIONS FROM JCX-30-25 EXCLUDED FROM DISTRIBUTION TABLE D-09-25**SUBTITLE A - TAX**

Chapter 1: Providing Permanent Tax Relief for Middle-Class Families and Workers

- Provision 6. Extension and enhancement of increased estate and gift tax exemption amounts.
- Provision 15. Extension and enhancement of increased limitation on contributions to ABLE accounts.
- Provision 16. Extension and enhancement of savers credit allowed for ABLE contributions.
- Provision 17. Extension of rollovers from qualified tuition programs to ABLE accounts permitted.
- Provision 18. Extension of treatment of certain individuals performing services in the Sinai Peninsula and enhancement to include additional areas.
- Provision 19. Extension and modification of exclusion from gross income of student loans discharged on account of death or disability.

Chapter 2: Delivering on Presidential Priorities to Provide New Middle-Class Tax Relief

- Provision 3. No tax on car loan interest.

Chapter 3: Establishing Certainty and Competitiveness for American Job Creators

Subchapter A - Permanent U.S. Business Tax Reforms and Boosting Domestic Investment

- Provision 9. Spaceports are treated like airports under exempt facility bond rules.

Chapter 4: Investing in American Families, Communities, and Small Businesses

Subchapter A - Permanent Investments in Families and Children

- Provision 1. Enhancement of employer-provided child care credit.
- Provision 3. Recognizing Indian tribal governments for purposes of determining whether a child has special needs for purposes of the adoption credit.

Subchapter B - Permanent Investments in Students and Reforms to Tax-Exempt Institutions (All Provisions)

Subchapter C - Permanent Investments in Community Development

- Provision 2. Permanent enhancement of low-income housing tax credit.
- Provision 3. Permanent extension of new markets tax credit.
- Provision 7. Permanent increase in limitation on cover over of tax on distilled spirits.
- Provision 8. Nonprofit community development activities in remote native villages.
- Provision 9. Adjustment of charitable deduction for certain expenses incurred in support of native Alaskan subsistence whaling.

Subchapter D - Permanent Investments in Small Business and Rural America

- Provision 1. Expansion of qualified small business stock gain exclusion.
- Provision 5. Exclusion of interest on loans secured by rural or agricultural real property.
- Provision 6. Elimination of tax on certain devices under the National Firearms Act.
- Provision 7. Treatment of capital gains from the sale of certain farmland property.
- Provision 8. Extension of rules for treatment of certain disaster-related personal casualty losses.

Chapter 5: Ending Green New Deal Spending, Promoting America-First Energy, and Other Reforms

Subchapter A - Termination of Green New Deal Subsidies

- Provision 1. Termination of previously-owned clean vehicle credit.
- Provision 2. Termination of clean vehicle credit.
- Provision 3. Termination of qualified commercial clean vehicles credit.

PROVISIONS FROM JCX-30-25 EXCLUDED FROM DISTRIBUTION TABLE D-09-25 *(continued)*

SUBTITLE A - TAX

Chapter 6: Enhancing Deduction and Income Tax Credit Guardrails and Other Reforms

Provision 5. Excise tax on certain remittance transfers.

Provision 6. Enforcement provisions with respect to COVID-related employee retention credits.

Provision 8. Task force on the replacement of direct file.

SUBTITLE B - HEALTH (All Provisions)

SUBTITLE C - INCREASE IN DEBT LIMIT - MODIFICATION OF LIMITATION ON THE PUBLIC DEBT (All Provisions)

**PROVISIONS OF THE CURRENT POLICY BASELINE INCLUDED IN COLUMNS LABELED "CURRENT POLICY BASELINE"
FOR THIS ANALYSIS**

INDIVIDUAL TAX PROVISIONS

Simplification and Reform of Rates, Standard Deductions, and Exemptions

10 percent, 12 percent, 22 percent, 24 percent, 32 percent, 35 percent, and 37 percent income tax rate brackets

Modify standard deduction (\$12,000 for singles, \$24,000 for married filing jointly, \$18,000 for head of household)

Repeal of deduction for personal exemptions

Treatment of Business Income of Individuals, Trusts, and Estates

Qualified Business Income Deduction

Limitation on Excess Business Losses of Noncorporate Taxpayers

Child Tax Credit

(a) Modification of child tax credit: \$2,000 not indexed; refundable up to \$1,400 indexed down to nearest \$100 base year 2018; \$2,500 refundability threshold not indexed; \$500 other dependents not indexed; phase outs \$200,000/\$400,000 not indexed

(b) Require valid Social Security number of each child to claim refundable and non-refundable portions of child credit, nonchild dependents and any child without a valid Social Security number still receives \$500 non-refundable credit

Simplification and Reform of Deductions and Exclusions

Repeal of itemized deductions for taxes not paid or accrued in a trade or business (except for up to \$10,000 in State and local taxes), interest on mortgage debt in excess of \$

Increase percentage limit for charitable contributions of cash to public charities

Repeal of overall limitation on itemized deductions

Termination of qualified bicycle commuting reimbursement

Extension of limitation on exclusion and deduction for moving expenses

Increase the Individual AMT Exemption Amounts and Phaseout Thresholds

BUSINESS TAX PROVISIONS

Extend 40 Percent Bonus Depreciation

Extend Section 250 Deduction Rates for GILTI (50 percent) and FDII (37.5 percent)

Extend 10 percent Rate and Treatment of Credits for BEAT

Extend Deduction for Employer-Provided Meals

Opportunity Zones

**PROVISIONS OF THE CURRENT POLICY BASELINE EXCLUDED FROM COLUMNS LABELED "CURRENT POLICY BASELINE"
FOR THIS ANALYSIS**

INDIVIDUAL TAX PROVISIONS

Limitation on Wagering Losses

Increase Estate, Gift, and GST Tax Exemption Amount

ABLE Accounts:

Increase in contributions limit

Contributions eligible for Saver's credit

Rollovers from qualified tuition programs permitted

Other Items

Treatment of certain individuals performing services in the Sinai Peninsula of Egypt

Exclusion from gross income of student loans discharged on account of death or disability

BUSINESS TAX PROVISIONS

Expensing of Certain Costs of Replanting Citrus Plants Lost by Reason of Casualty

NUMBER OF RETURNS BY INCOME CATEGORY

Calendar Years

Income Category ^[1]	Number of Returns ^[2] (Thousands)			
	2027	2029	2031	2033
Less than \$15,000.....	19,694	19,940	19,888	19,914
\$15,000 to \$30,000.....	23,247	23,365	23,210	22,864
\$30,000 to \$40,000.....	16,293	16,482	16,534	16,669
\$40,000 to \$50,000.....	14,397	14,618	14,837	15,051
\$50,000 to \$60,000.....	13,476	13,699	13,960	14,175
\$60,000 to \$80,000.....	23,073	23,509	23,917	24,285
\$80,000 to \$100,000.....	16,939	17,444	17,979	18,449
\$100,000 to \$150,000.....	26,959	27,545	28,309	29,108
\$150,000 to \$200,000.....	14,845	14,905	15,190	15,512
\$200,000 to \$500,000.....	20,972	21,157	21,614	22,195
\$500,000 to \$1,000,000.....	2,785	2,763	2,768	2,787
\$1,000,000 and Above.....	1,178	1,142	1,134	1,138
Total, All Taxpayers.....	193,858	196,569	199,339	202,148

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] The measure of income 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Categories are measured at 2025 levels.

[2] This analysis includes nonfiling taxpayers, and excludes individuals who are dependents of other taxpayers, and taxpayers with negative income.

NUMBER OF RETURNS BY EQUIVALIZED INCOME QUANTILE

Calendar Years

Equivalized Income Quantile ^[1]	Number of Returns ^[2] (Thousands)			
	2027	2029	2031	2033
Lowest Quintile (Less than P ₂₀).....	38,767	39,315	39,871	40,428
Second Quintile (P ₂₀ to P ₄₀).....	38,776	39,313	39,865	40,430
Third Quintile (P ₄₀ to P ₆₀).....	38,772	39,312	39,869	40,431
Fourth Quintile (P ₆₀ to P ₈₀).....	38,773	39,314	39,868	40,431
80th to 90th Percentile.....	19,385	19,657	19,933	20,214
90th to 95th Percentile.....	9,693	9,827	9,967	10,108
95th to 99th Percentile.....	7,755	7,863	7,973	8,086
99th to 99.9th Percentile.....	1,744	1,769	1,794	1,819
Highest 0.1 Percentile.....	194	197	199	202
Total, All Taxpayers.....	193,858	196,569	199,339	202,148

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] For the purpose of sorting tax returns by income, equivalized income accounts for the size of a tax unit by dividing the measure of income by the square root of the number of individuals in the tax unit. Income is measured as 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. In distributional analysis, equivalized income is used for sorting only and does not affect income or tax liabilities elsewhere in the analysis. Details are presented for taxpayers sorted into quintiles, each containing a fifth of all tax units, with the highest income quintile further sorted into smaller percentile groups.

[2] This analysis includes nonfiling taxpayers, and excludes individuals who are dependents of other taxpayers, and taxpayers with negative income.

DISTRIBUTION OF EQUIVALIZED INCOME USED FOR DISTRIBUTIONAL ANALYSIS**Calendar Years**

Percentile of the Distribution^[1]	Equivalized Income^[2]			
	2027	2029	2031	2033
20th Percentile (P ₂₀).....	\$ 25,000	\$ 26,900	\$ 29,200	\$ 31,600
40th Percentile (P ₄₀).....	\$ 47,400	\$ 51,100	\$ 55,200	\$ 59,600
60th Percentile (P ₆₀).....	\$ 74,900	\$ 80,300	\$ 86,300	\$ 92,800
80th Percentile (P ₈₀).....	\$ 120,200	\$ 128,200	\$ 137,000	\$ 146,700
90th Percentile (P ₉₀).....	\$ 170,400	\$ 181,400	\$ 193,600	\$ 207,000
95th Percentile (P ₉₅).....	\$ 233,500	\$ 247,900	\$ 264,100	\$ 282,000
99th Percentile (P ₉₉).....	\$ 526,000	\$ 550,200	\$ 580,900	\$ 616,400
99.9th Percentile (P _{99.9}).....	\$ 2,042,000	\$ 2,086,600	\$ 2,141,500	\$ 2,226,300

Joint Committee on Taxation

Note: Details may not add to totals due to rounding.

[1] The population of taxpayers represented includes nonfiling taxpayers, and excludes individuals who are dependents of other taxpayers, and taxpayers with negative income.

[2] Equivalized income accounts for the size of a tax unit by dividing the measure of income by the square root of the number of individuals in the tax unit. Income is measured as 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) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. In distributional analysis, equivalized income is used for sorting only and does not affect income or tax liabilities elsewhere in the analysis. Percentile values of equivalized income are rounded to the nearest \$100 in the table.

Because a tax unit's equivalized income is the tax unit's income divided by the square root of the number of individuals in the tax unit, increasing the number of individuals while holding income fixed reduces equivalized income, though the rate of reduction declines with each additional individual, reflecting economies of scale in consumption for larger tax units. For example, with \$100,000 in income, a tax unit with a single individual has equivalized income of \$100,000 ($\$100,000 \div \sqrt{1}$), with two individuals has an equivalized income of \$70,711 ($\$100,000 \div \sqrt{2}$), with three individuals has an equivalized income of \$57,735 ($\$100,000 \div \sqrt{3}$), and with four individuals has an equivalized income of \$50,000 ($\$100,000 \div \sqrt{4}$). As the number of individuals increases, the reduction from income to equivalized income declines: the second individual reduces equivalized income by \$29,289 ($\$100,000$ less $\$70,711$), the third individual by \$12,976, and the fourth individual by \$7,735. In 2027, a tax unit with \$100,000 in income and a single individual is in the fourth quintile (between the 60th and 80th percentiles) of equivalized income while tax units with the same income and two to four individuals are in the third quintile (between the 40th and 60th percentiles).