



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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### NEW IRS DATA ON TAX SHARES NOW AVAILABLE

Press Release #108-160  
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WASHINGTON, D.C. – New IRS data show that the top half of taxpayers ranked by income continue to pay over 96 percent of Federal individual income taxes while the bottom half accounts for less than 4 percent, Vice Chairman Jim Saxton said today. The newly released data are for tax year 2002, and clearly reflect the bursting of the stock market bubble that began in 2000.

The data continue to show the highly progressive nature of the Federal income tax. The top one percent of tax filers paid 33.71 percent of Federal personal income taxes in 2002, while the top ten percent accounted for 65.73 percent of these taxes. These tax shares have fallen from their recent highs primarily due to a reduction in income reported by the top ten percentiles amounting to \$401.9 billion between 2000 and 2002. In 2001 and 2002, the income tax shares of the upper percentiles remained at relatively high levels for recent decades, exceeded only in the stock market bubble years of 1998-2000.

The 3.50 percent share paid by the bottom half of taxpayers in 2002 compares to a 3.97 percent share in 2001. The top half of taxpayers paid 96.03 percent of federal income taxes in 2001, and 96.50 percent in 2002.

“These IRS data show the steeply progressive nature of the Federal income tax,” Saxton said. “These data must be considered before any valid distributional evaluation of income tax proposals can be made. Unfortunately, tables and figures portraying tax policy changes as skewed are usually presented without disclosing the share of taxes actually paid by various income groups. The bottom line is that these data are needed for an informed discussion of tax policy issues. The tax shares already paid by various income groups largely determine the distributional outcomes of most major tax changes, not the tax rate structure of the legislation itself,” Saxton concluded.

Percentiles Ranked by AGI	Adjusted Gross Income Threshold on Percentiles	Percentage of Federal Personal Income Tax Paid
Top 1%	\$285,424	33.71
Top 5%	\$126,525	53.80
Top 10%	\$92,663	65.73
Top 25%	\$56,401	83.90
Top 50%	\$28,654	96.50
Bottom 50%	<\$28,654	3.50

Source: IRS

For more information on tax policy, please visit our website at <http://www.house.gov/jec>.

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