



JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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FEDERAL INCOME TAX PAYMENTS SHOW HIGH DEGREE OF PROGRESSION

WASHINGTON, D.C. – The high variance in income tax payments must be considered in evaluating the differences in projected tax benefits for various income groups under proposed tax relief legislation, Vice Chairman Jim Saxton said today. According to Joint Economic Committee staff calculations based on IRS data, annual average federal income tax liabilities range from a high of \$944,241 for taxpayers with over \$1 million in adjusted gross income (AGI), to several hundreds of dollars *received from* the government by low income tax filers. However, many tax distribution tables do not provide information on the proportion or amount of taxes paid by various taxpayer groups, often making tax relief legislation appear skewed.

“If the variation in tax benefits under a particular tax proposal is to be estimated, then the amount of taxes currently paid by various taxpayer groups must also be disclosed and considered,” Saxton said. “Otherwise, the variation in tax benefits might mistakenly be attributed to the purportedly skewed structure of tax legislation, instead of the skewed pattern of current tax payments.”

“If it is not disclosed that some taxpayers have income tax liabilities amounting to hundreds of thousands of dollars, then even a relatively small percentage reduction can appear to be disproportionate and portrayed as unfair. On the other hand, if it is disclosed that certain tax filers have no income tax liability, it is easier to understand why they do not receive a large amount of average tax relief. Although there is considerable dispersion of tax liability even within a particular income group, if average benefits are to be calculated for each income group, then average tax payments are needed to provide the necessary framework or context for evaluation,” Saxton concluded.

PROGRESSION IN FEDERAL INCOME TAX PAYMENTS

Size of AGI	Average Income Tax Including Refundable Credits (All Returns)
All returns	\$7,357
No AGI	(\$120)
\$1 under \$5,000	(\$108)
\$5,000 under \$10,000	(\$422)
\$10,000 under \$15,000	(\$355)
\$15,000 under \$20,000	\$227
\$20,000 under \$25,000	\$1,065
\$25,000 under \$30,000	\$1,880
\$30,000 under \$40,000	\$2,956
\$40,000 under \$50,000	\$4,386
\$50,000 under \$75,000	\$6,775
\$75,000 under \$100,000	\$11,609
\$100,000 under \$200,000	\$22,767
\$200,000 under \$500,000	\$68,572
\$500,000 under \$1,000,000	\$191,910
\$1,000,000 or more	\$944,241

Source: JEC Calculations based on SOI Data for TY2000- SOI Bulletin Fall 2002

Detail may not add due to rounding.

For more information on taxation, please visit our website at www.house.gov/jec.

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