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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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INCOME TAX BURDEN SHOULD FRAME TAX DEBATE

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WASHINGTON, D.C. – The shares of income taxes actually paid by various income groups should be the basis for evaluating claims about the fairness of income tax relief, Vice Chairman Jim Saxton said today. Recent tax relief legislation currently is under attack as purportedly tilted, but this argument typically is made without disclosure of the shares of income taxes actually paid by various income groups. According to Internal Revenue Service data, taxpayers in the top half of tax filers, ranked by adjusted gross income (AGI), bear nearly all of the income tax burden.

“The bottom line is that the top half of taxpayers pay 96 percent of the federal income tax,” Saxton said. “Consequently, these taxpayers get a roughly proportionate share of tax relief from the tax relief legislation passed in recent years. Furthermore, these taxpayers in the top half have incomes as low as \$27,682, hardly qualifying them as ‘rich.’

“On the other hand, tax filers in the bottom half bear slightly less than 4 percent of the income tax burden. Most of these tax filers do not pay income taxes, but receive money from the government due to credits under the current income tax law.

“There is always a lot of discussion about the share of tax relief enjoyed by the top one percent under income tax relief. Only rarely is it disclosed that the top one percent pays a high share of the federal income tax; in 2000, the figure was 37 percent. Similarly, the top five percent paid 57 percent of federal income taxes in 2000. These figures do change from year to year, but the pattern has been consistent inasmuch as the upper income percentiles continue to pay a disproportionate share of the federal income tax,” Saxton concluded.

Percentiles Ranked By AGI	Adjusted Gross Income Threshold on Percentiles	Percentage of Federal Personal Income Tax Paid
Top 1 %	\$313,469	37.42
Top 5 %	\$128,336	56.47
Top 10 %	\$92,144	67.33
Top 25 %	\$55,225	84.01
Top 50 %	\$27,682	96.09
Bottom 50 %	< \$27,682	3.91

Tax Year 2000 IRS data

For a complete set of the IRS data, please visit our website at www.house.gov/jec.

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