



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

## PRESS RELEASE

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### NEW IRS DATA ON INCOME & TAX SHARES NOW AVAILABLE

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WASHINGTON, D.C. – The top half of taxpayers continue to pay over 96 percent of Federal income taxes, while the bottom half accounts for slightly less than 4 percent, according to new 2001 Internal Revenue Service (IRS) [data](#) released today by Vice Chairman Jim Saxton. The impact of the stock market collapse that began in 2000, and the economic slowdown and recession that followed, are clearly visible in the data, especially for the income and tax shares of upper income taxpayers.

The data continue to show the highly progressive nature of the Federal income tax. The top one percent of tax filers paid 33.89 percent of Federal personal income taxes in 2001, while the top ten percent accounted for 64.89 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 about \$260 billion between 2000 and 2001, virtually all of it reported by the top one percent. The average tax rate for the top one percent was essentially unchanged at 27.50 percent, relative to 27.45 percent in 2000. The 3.97 percent tax share paid by the bottom half of taxpayers was virtually unchanged during this period, as was the 96.03 percent tax share borne by the top half. The new data provide the necessary context in which to evaluate claims about the supposed distributional impact of various tax policy proposals.

“These IRS data reflect the steeply progressive impact of the Federal income tax,” Saxton said. “These data must be considered before any valid distributional evaluation of various income tax proposals can be made. Unfortunately, statistics portraying tax policy changes as skewed often are released without disclosing the share of taxes actually paid by various income groups. In other words, data on the share of taxes paid before and after a tax change would take effect are often undisclosed, leading to incomplete and often misleading results. The bottom line is that these data are needed for an informed discussion of a wide array of tax policy issues. The tax shares already paid by various income groups largely determine the distributional outcomes of most major tax proposals, 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 %	\$292,913	33.89
Top 5 %	\$127,904	53.25
Top 10 %	\$92,754	64.89
Top 25 %	\$56,085	82.90
Top 50 %	\$28,528	96.03
Bottom 50 %	< \$28,528	3.97

Source: IRS

For more information on the new IRS data, distributional analysis, and tax policy, please visit our website at [www.house.gov/jec](http://www.house.gov/jec).

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