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JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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CAUTION NEEDED IN USE OF TAX DISTRIBUTION STATISTICS

-- DATA ON TAX PAYMENTS OFTEN ARE NOT DISCLOSED --

WASHINGTON, D.C. –Full information related to actual income tax payments by various income groups is necessary to provide a context for tax distribution statistics, Chairman Jim Saxton of the Joint Economic Committee (JEC) said today. Unfortunately, projections of the effects of proposed tax legislation produced by various organizations often fail to include such essential information.

“In evaluating tax legislation the focus should be on economic incentives and growth,” Saxton said. “To the extent one wants to review distributional estimates, one should be aware that these estimates rely on a number of debatable and often arbitrary assumptions, and that the statistical reliability of the data often are unknown even by those who generate them. In addition, any economic benefits flowing from tax changes usually are assumed to have no macroeconomic effects on the economic well-being of any income group.

“However, we do have reliable statistics on actual tax payments of various income groups, although these statistics are often omitted or downplayed in distributional tax tables. These statistics are extremely important because they frame the context in which various distributional claims must be evaluated, as the JEC has pointed out for a number of years. For example, the tax benefits estimated for a particular income group resulting from a tax change can only be evaluated objectively from the standpoint of what its share of tax payments is in reality,” Saxton concluded.

The IRS data below provide these statistics for various groups:

| Percentiles Ranked By AGI | Adjusted Gross Income Threshold on Percentiles | Percentage of Federal Personal Income Tax Paid |
|------------------------------|---|---|
| Top 1 % | \$269,496 | 34.75 |
| Top 5 % | \$114,729 | 53.84 |
| Top 10 % | \$83,220 | 65.04 |
| Top 25 % | \$50,607 | 82.69 |
| Top 50 % | \$25,491 | 95.79 |
| Bottom 50 % | < \$25,491 | 4.21 |

Source: IRS

The IRS data show that the top 1 percent of taxpayers pay 35 percent of Federal personal income taxes, while the top 10 percent pay about 65 percent of these taxes. The top quarter of taxpayers account for about 83 percent of these tax payments. The top half pay 96 percent of Federal personal income taxes, while the bottom half of tax filers account for about 4 percent of the total.

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

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