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CHAIRMAN JIM SAXTON

PRESS RELEASE

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TOP HALF OF TAXPAYERS PAY HIGHEST TAX SHARE IN DECADES

-- New IRS Data Released --

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WASHINGTON, D.C. – The share of income taxes paid by the top half of taxpayers reached its highest level in decades, according to new IRS data released today. According to the new data, the top half of taxpayers ranked by income paid 96.70 percent of the individual income taxes paid in 2004, compared to 86.05 percent in 1949, 89.35 percent in 1959, and 90.27 percent in 1969.

The top one percent of tax filers paid 36.89 percent of 2004 income taxes, while the top ten percent accounted for over two-thirds (68.19 percent) of these taxes. At least part of the increase in taxes paid by the higher percentiles may be related to higher capital gains realizations following the reduction of the capital gains tax rate in 2003.

The share of income taxes paid by the top half increased from 96.54 percent in 2003 to 96.70 percent in 2004. The share of income taxes paid by the bottom half declined from 3.46 percent to 3.30 percent. In 1949 the income tax burden of the bottom half was 13.95 percent.

“The new IRS data confirm once again that the tax burden is disproportionately borne by taxpayers in the top half,” Chairman Jim Saxton of the Joint Economic Committee said today. “These tax data should be at the center of any future debate about tax policy. Unfortunately, a lot of discussion of tax policy is conducted without any reference to the shares of taxes actually paid by various income groups. As I have stressed for many years, 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%	\$328,049	36.89
Top 5%	\$137,056	57.13
Top 10%	\$99,112	68.19
Top 25%	\$60,041	84.86
Top 50%	\$30,122	96.70
Bottom 50%	<\$30,122	3.30

Source: IRS (Tax Year 2004)

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

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