

Tax Time

Week 1: High-income households

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Economic Snapshot is a weekly feature provided by the



How many will pay higher taxes?

In his State of the Union address, President Barack Obama proposed changes to the tax law that would mean a reduction in federal individual income taxes for 95 percent of all households.

The proposal includes an increase in federal individual income taxes for only a small portion of the population. Under the plan, only higher-income households (joint filers with incomes greater than \$250,000 and single filers with incomes over \$200,000) would face increases in their top marginal federal income tax rates.

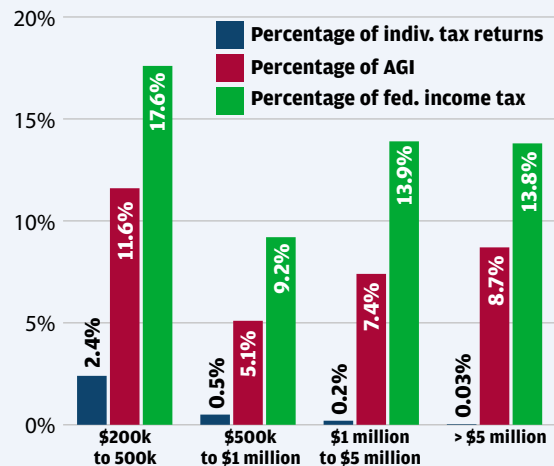
How many high-income households are there? What percentage of the total taxable

income do they generate? What portion of the individual income taxes do they pay?

According to the Internal Revenue Service, 142 million individual federal income tax returns were filed in 2007, and 3.1 percent had adjusted gross incomes (AGI) of more than \$200,000. They accounted for almost one-third of the total AGI and paid more than half of all federal individual income taxes.

The following chart focuses on those taxpayers with AGI more than \$200,000. Similar and more detailed data for all tax brackets is available from the IRS at www.irs.gov/taxstats/indtaxstats.

High federal income tax filers, 2007



Source: IRS

State Journal