

**DEPARTMENT OF THE TREASURY**  
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**FACT SHEET:**

***Who Pays the Most Individual Income Taxes?***

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The individual income tax is highly progressive – a small group of higher-income taxpayers pay most of the individual income taxes each year.

- In 2002 the latest year of available data, the top 5 percent of taxpayers paid more than one-half (53.8 percent) of all individual income taxes, but reported roughly one-third (30.6 percent) of income.
- The top 1 percent of taxpayers paid 33.7 percent of all individual income taxes in 2002. This group of taxpayers has paid more than 30 percent of individual income taxes since 1995. Moreover, since 1990 this group's tax share has grown *faster* than their income share.
- Taxpayers who rank in the top 50 percent of taxpayers by income pay virtually all individual income taxes. In all years since 1990, taxpayers in this group have paid over 94 percent of all individual income taxes. In 2000, 2001, and 2002, this group paid over 96 percent of the total.

The President's tax cuts have shifted a larger share of the individual income taxes paid to higher income taxpayers. In 2005, when most of the tax cut provisions are fully in effect (e.g., lower tax rates, the \$1,000 child credit, marriage penalty relief), the projected tax share for lower-income taxpayers will *fall*, while the tax share for higher-income taxpayers will *rise*.

- The share of taxes paid by the bottom 50 percent of taxpayers will fall from 4.1 percent to 3.6 percent.
- The share of taxes paid by the top 1 percent of taxpayers will rise from 32.3 percent to 33.7 percent.
- The average tax rate for the bottom 50 percent of taxpayers falls by 27 percent as compared to a 13 percent decline for taxpayers in the top 1 percent.

**Share of Individual Income Taxes and Income, 1990-2002**

Share of Individual Income Taxes

[Share of Adjusted Gross Income]						
	Top 1%	Top 5%	Top 10%	Top 25%	Top 50%	Bottom 50%
2002	33.7 [16.1]	53.8 [30.6]	65.7 [41.8]	83.9 [64.4]	96.5 [85.8]	3.5 [14.2]
2000	37.4 [20.8]	56.5 [35.3]	67.3 [46.0]	84.0 [67.2]	96.1 [87.0]	3.9 [13.0]
1995	30.3 [14.6]	48.9 [28.8]	60.8 [40.2]	80.4 [63.4]	95.4 [85.5]	4.6 [14.5]
1990	25.1 [14.0]	43.6 [27.6]	55.4 [38.8]	77.0 [62.1]	94.2 [85.0]	5.8 [15.0]
Source: Internal Revenue Service. Percentiles based on adjusted gross income.						

<b>Projected Share of Individual Income Taxes and Income in 2005</b>						
Share of Individual Income Taxes <sup>1</sup>						
[Share of Adjusted Gross Income]						
	Top 1%	Top 5%	Top 10%	Top 25%	Top 50%	Bottom 50%
With Tax Cuts	33.7 [16.5]	54.1 [31.0]	65.8 [42.1]	83.6 [64.7]	96.4 [86.1]	3.6 [13.9]
Without Tax Cuts	32.3 [16.5]	51.7 [31.0]	63.6 [42.1]	82.4 [64.7]	95.9 [86.1]	4.1 [13.9]

Source: U.S. Treasury, Office of Tax Analysis.

<sup>1</sup>Estimates of taxes paid ignore any behavioral responses to the tax cuts.