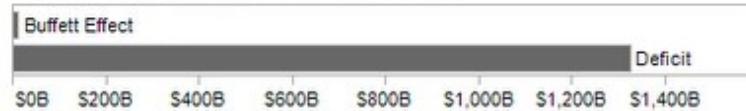


CHART OF THE MONTH

APRIL 2012

Income taxes are always a focal point in April. Facing annual deficits greater than a trillion dollars for as far as the eye can see, President Obama has proposed the “Buffett Rule,” a tax that would require those with \$1 million or more in income to pay at least 30 percent in federal income taxes. However, according to the Joint Committee on Taxation, the new tax would only generate an average of \$4.7 billion of new revenue per year over the next decade. Based on the White House’s projection for a \$1.3 trillion deficit this year, it would take 276 years just to cover the 2012 shortfall.

Buffett Effect Compared to 2012 Deficit



The federal government spends more in 11 hours than the Buffett Rule would generate in a year. In fact, if everyone paid 50 percent more in taxes, the deficit would still run in the hundreds of billions of dollars annually. While the narrative about the wealthy not paying their “fair share” may make for good politics in an election year, the reality is that the government spends more money than it could ever hope to collect from all of us.

As shown in the table below, millionaires earned 10 percent of all income in 2009, yet paid 20 percent of all income taxes. The 237,000 millionaires paid a greater share of the income tax burden than the 109 million taxpayers earning under \$75,000 combined and just slightly less than the 120 million taxpayers making up to \$100,000 each. Taxpayers with incomes over \$1 million paid an average tax rate of 25 percent, more than three times the average tax rate for a family earning between \$75,000 and \$100,000.

Since 2004, the top 1 percent of wage earners have paid nearly 40 percent of all the income tax - the highest share in the entire history of statistical data maintained by the IRS - due primarily to the progressive nature of the tax code rather than income concentration.

Income Tax Summary Statistics for 2009							
	All Returns	AGI (\$Billions)	Taxable Returns	Income Tax After Credits (\$Billions)	Average Tax Rate	Share of total taxes	Share of all AGI
All returns, total	140,494,127	\$7,626	81,890,189	\$865.9	11%	100%	100%
No adjusted gross income	2,511,925	(\$199)	3,820	\$0.1	0.0%	0%	-3%
\$1 under \$5,000	10,447,635	\$27	306,587	\$0.0	0.1%	0%	0%
\$5,000 under \$10,000	12,220,335	\$92	1,899,331	\$0.4	0.4%	0%	1%
\$10,000 under \$15,000	12,444,512	\$155	2,883,906	\$0.8	1%	0%	2%
\$15,000 under \$20,000	11,400,228	\$199	4,868,050	\$2.5	1%	0%	3%
\$20,000 under \$25,000	10,033,887	\$225	4,639,085	\$4.7	2%	1%	3%
\$25,000 under \$30,000	8,662,392	\$238	4,603,763	\$6.8	3%	1%	3%
\$30,000 under \$40,000	14,371,647	\$500	9,589,845	\$20.2	4%	2%	7%
\$40,000 under \$50,000	10,796,412	\$483	8,381,017	\$25.4	5%	3%	6%
\$50,000 under \$75,000	18,694,893	\$1,149	16,449,393	\$78.0	7%	9%	15%
\$75,000 under \$100,000	11,463,725	\$990	10,987,101	\$80.5	8%	9%	13%
\$100,000 under \$200,000	13,522,048	\$1,801	13,374,553	\$212.3	12%	25%	24%
\$200,000 under \$500,000	3,195,039	\$905	3,178,420	\$176.3	19%	20%	12%
\$500,000 under \$1,000,000	492,567	\$332	489,904	\$80.5	24%	9%	4%
\$1,000,000 under \$1,500,000	108,096	\$130	107,416	\$32.8	25%	4%	2%
\$1,500,000 under \$2,000,000	44,273	\$76	44,015	\$19.4	25%	2%	1%
\$2,000,000 under \$5,000,000	61,918	\$183	61,535	\$46.9	26%	5%	2%
\$5,000,000 under \$10,000,000	14,322	\$97	14,236	\$24.6	25%	3%	1%
\$10,000,000 or more	8,274	\$240	8,211	\$53.8	22%	6%	3%
Summary for \$1 Million+	236,883	\$726.9	235,413	\$177.5	25%	20%	10%

