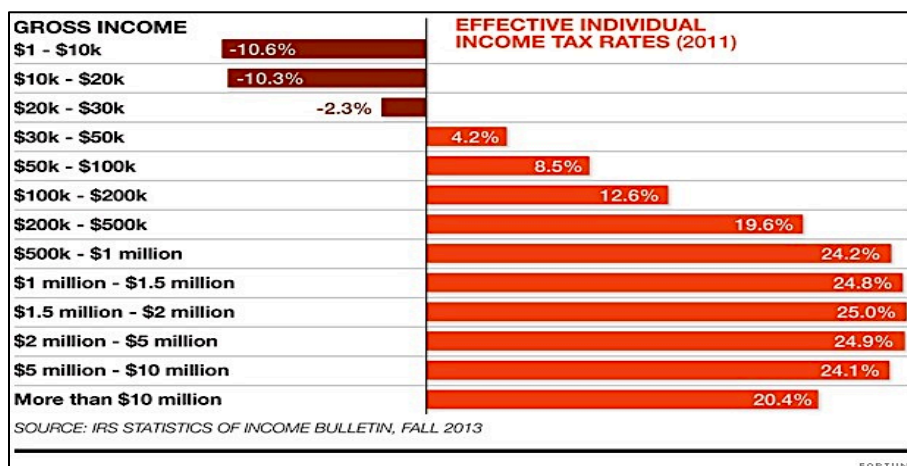


How Progressive Is America's Tax System? As the April 15 tax filing deadline approaches, we are likely to hear questions about whether wealthy Americans are “paying their fair share.” A recent CNN Money [article](#) noted the U.S. tax system is actually quite progressive, as those with larger incomes have higher effective individual federal income tax rates. According to 2011 IRS data, income tax rates ranged from 4.2% for those with gross incomes of \$30-\$50K to 25% for those with gross income of \$1.5-\$2 million. Most of those with a gross income of up to \$30K had a negative rate due to refundable tax credits.



Are the wealthy shouldering their “fair share” of the tax burden? 2009 IRS [data](#) compiled by the Tax Foundation suggests yes. The top 50% of earners made up 97.7% of total income taxes. The top 1% paid 36.7% of all income taxes; the top 5% paid 58.7%; the top 10% paid 70.5%; and the top 25% paid 87.3% of all income taxes. Many parts of the U.S. tax code need simplification and reform, but more class warfare rhetoric will do nothing about them.

	Number of Returns with Positive AGI	AGI (\$ millions)	Income Taxes Paid (\$ millions)	Group's Share of Total AGI	Group's Share of Income Taxes	Income Split Point	Average Tax Rate
All Taxpayers	137,982,203	\$7,825,389	\$865,863	100.0%	100.0%	-	11.06%
Top 1%	1,379,822	\$1,324,572	\$318,043	16.9%	36.7%	\$343,927	24.01%
1-5%	5,519,288	\$1,157,918	\$189,864	14.8%	22.0%		16.40%
Top 5%	6,899,110	\$2,482,490	\$507,907	31.7%	58.7%	\$154,643	20.46%
5-10%	6,899,110	\$897,241	\$102,249	11.5%	11.8%		11.40%
Top 10%	13,798,220	\$3,379,731	\$610,156	43.2%	70.5%	\$112,124.00	18.05%
10-25%	20,697,331	\$1,770,140	\$145,747	22.6%	17.0%		8.23%
Top 25%	34,495,551	\$5,149,871	\$755,903	65.8%	87.3%	\$66,193.00	14.68%
25-50%	34,495,551	\$1,620,303	\$90,449	20.7%	11.0%		5.58%
Top 50%	68,991,102	\$6,770,174	\$846,352	86.5%	97.7%	> \$32,396	12.50%
Bottom 50%	68,991,102	\$1,055,215	\$19,511	13.5%	2.3%	< \$32,396	1.85%

Source: Internal Revenue Service