

## Americans Earning Six Figures Or More Pay Nearly 80% of Individual Income Taxes

Ali Meyer

April 18, 2016

Americans earning six figures or more paid 79.5 percent of the nation's share in individual income taxes in 2014, according to the latest preliminary data from the Internal Revenue Service.

Americans paid a total of \$1,358,093,169,000 to the IRS in individual income taxes in 2014. Americans earning \$100,000 or more paid \$1,079,392,180,000 to the IRS, or 79.5 percent of the total income tax paid.

While those top earners contributed almost four-fifths of the total amount of individual income taxes, they represented only 16 percent of the total number of individual income tax returns reported to the IRS.

There were 148,686,586 individual income tax returns filed to the IRS in 2014. The majority of those returns belonged to Americans that earned less than \$100,000, representing 84 percent of the total. The remaining 23,745,195 returns belonged to those individuals earning a salary of six figures or more, which represented only 16 percent of the total.

“Liberals say that high earners pay a high share of taxes only because they have high incomes,” explains Chris Edwards, a tax policy expert at the Cato Institute. “But high earners also pay much higher tax rates than everyone else. For example, Congressional Budget Office data show that the average federal income tax rate for the top fifth of households is 14 percent, but the average rate for the middle fifth is only 2 percent.”

“The [Organisation for Economic Co-Operation and Development] has found that the United States has the most “progressive” or graduated income tax among all high-income nations,” Edwards said. “If Congress proceeds with major tax reform next year, it should focus on making the tax code more equal and proportional. The level of progressivity in the tax code has become extreme.”

According to Alan Viard, a resident scholar at the American Enterprise Institute, the rich pay a higher total federal tax burden than the middle class.

“The [Congressional Budget Office’s] most recent data, for 2011, show that the average household in the middle 20 percent paid \$8,100 in federal taxes, less than 15 percent of its \$55,400 market income,” Viard said. “The average household in the top 1 percent paid \$422,700 in federal taxes, more than 29 percent of its \$1,447,500 market income. Even before the 2013 high-income tax hikes, the rich bore a much higher total federal tax burden than the middle class.”

Additionally, Viard pointed out that individual income taxes comprise less than half of total federal taxes and other federal taxes are less progressive than the individual income tax.

Viard cites 2011 data from the Congressional Budget Office, which shows that while the top 1 percent paid 35.4 percent of federal individual income taxes, the same group paid 24 percent of total federal taxes.

“The point is a general one—the overall federal tax system is less progressive than the federal individual income tax alone,” Viard said.