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The Individual Alternative Minimum Tax: Historical Data and Projections, Updated June 2008

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Congress originally enacted a minimum tax in 1969 to guarantee that high-income individuals paid at least a minimal amount of tax each year.[1] Due to design flaws, however, the current alternative minimum tax (AMT) threatens to grow from a footnote in the tax code to a major component affecting tens of millions of taxpayers every year. One reason for the projected expansion of the AMT is that – unlike the regular income tax system – the AMT brackets and exemption are not indexed for inflation. In addition, since they reduce regular income taxes without a corresponding permanent fix to the AMT, the 2001-06 tax cuts exacerbate the AMT problem. Absent a change in law, more than 33 million taxpayers will be subject to the AMT by 2010. If Congress allows the tax cuts to expire at the end of 2010, the number of AMT taxpayers will fall dramatically in 2011, but will then trend back upward over time. By 2018, about 43 million taxpayers will be subject to the AMT under current law; that number will swell to almost 57 million if the tax cuts are extended. Although most lower- and middle-income taxpayers will remain unaffected by the tax, policymakers will need to deal with the explosive growth of the AMT from an obscure tax affecting only 20,000 filers in 1970 to one affecting more than a third of all taxpayers by 2010.

The Tax Policy Center (TPC) has written extensively about the AMT.[2] This paper updates Rohaly and Leiserson (2006) with the TPC's latest estimates of AMT participation, revenue, and the distribution of AMT liability.[3] It starts with a brief overview of how the AMT works.

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[1] The original minimum tax was an addition to regular income tax. The current AMT is a floor on total tax liability. For details see Burman, et al. (2002).

[2] See, for example Burman, Gale, and Rohaly (2005), Burman and Leiserson (2007), Burman and Weiner (2005), and Burman et al (2007).

[3] The source for our estimates is the Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5). Estimates presented in this paper differ slightly from earlier projections because of an update in our underlying database and changes in the economic forecast included in the newest version of our tax model. For a brief description of the tax model, see http://www.taxpolicycenter.org/numbers/related.cfm.

How the AMT Works[4]

The individual AMT operates parallel to the regular income tax, with a different income definition, rate structure, and allowable deductions, exemptions, and credits. After calculating regular tax liability, taxpayers must calculate their "tentative AMT" under the alternative rules and rates and pay whichever amount is larger. To calculate tentative AMT, taxpayers determine the AMT tax base, apply the AMT tax rate and exemption phaseout schedules, and then subtract applicable credits. Technically, AMT liability is the excess, if any, of tentative AMT above the amount of taxes due under the regular income tax; you pay your regular tax and then tack on your AMT liability.

Alternative minimum taxable income (AMTI) is the sum of three components: regular taxable income for AMT purposes, AMT preferences, and AMT adjustments. Regular taxable income for AMT purposes is basically the same as taxable income for regular tax purposes except it may be negative if deductions exceed gross income.

An AMT preference is an item identified as a potential tax saving in the regular income tax that is not permitted in the AMT. An AMT adjustment is simply any exclusion, exemption, deduction, credit, or other treatment (such as a method for computing depreciation) in the regular income tax that is either restricted or disallowed in the AMT. There is no interesting economic distinction between preferences and adjustments; we will generally refer to both as preferences.

Interesting distinctions do emerge among the various preferences themselves, however. Preferences are of two types: exemptions or deferrals. Exemption preferences broaden the AMT tax base, and include the disallowance of personal exemptions, the standard deduction, and itemized deductions for miscellaneous expenses and state and local taxes. Deferral provisions change the timing of the recognition of income and deductions, typically to accelerate income and postpone deductions. Thus, they tend to raise the current-year tax base, but only at the expense of future tax bases.

The exemption measures might be interpreted as an effort to reduce tax incentives generally and move toward an alternative tax simpler than the regular system. They frequently affect middle-income AMT taxpayers, but are relatively simple to comply with, since they merely involve adding clearly defined amounts to taxable income. But even so, they can complicate tax filing. Because AMT taxpayers cannot take the standard deduction but may claim many itemized deductions, they may pay less tax if they choose to itemize deductions even if the standard deduction is larger. Determining which option results in a lower tax bill further complicates tax filing.[5]

Deferral preferences differ considerably from exemption items. The tax code contains more deferral items than exemption preferences, but deferrals are used much less frequently—

[4] This section draws heavily on Burman and Weiner (2005).
[5] In our tabulations, we consider these taxpayers to be affected by the AMT, even if they do not pay the AMT, because their shift from claiming the standard deduction to itemizing their deductions results in their paying more tax.

and then mostly by high-income taxpayers—and generate much less revenue. Deferral items tend to be complex, as taxpayers generally need to recalculate income and costs using different schedules and keep separate books for regular tax and AMT. Also, taxpayers may use AMT liability created by deferral provisions—but not by exemption provisions—as a credit against future years' regular tax liability in excess of the tentative AMT. As a result, the AMT's treatment of deferral preferences simply shifts tax liability forward in time, at least for taxpayers who have no AMT liability in future years. The deferral provisions, coupled with the credit they create, are consistent with a policy goal of having every high-income filer pay some positive tax in each year, even if his or her overall multiyear tax liability does not change.

Exemptions in the AMT are neither indexed for inflation nor adjusted for family size. For tax years after 2007, the AMT exemption is $45,000 for married couples filing jointly, $33,750 for unmarried individuals, and $22,500 for married individuals filing separately. Since 2001, temporary measures—enacted annually in recent years—have increased the exemptions, but the latest "patch" expired at the end of 2007. The 2007 exemption was $66,250 for married couples filing jointly, $44,350 for unmarried individuals, and $33,125 for married individuals filing separate returns. AMT exemptions phase out for high-income taxpayers at a 25 percent rate, beginning at AMTI of $150,000 for married couples filing jointly ($112,500 for singles). Like the exemptions themselves, the phaseout thresholds are not indexed for inflation.

Pre-credit tentative AMT liability is determined by imposing the AMT tax rate schedule and the exemption phaseout schedule on the AMT tax base. The statutory AMT tax rate is 26 percent on the first $175,000 (not indexed) of AMT tax base for married couples or singles ($87,500 for married taxpayers filing separately) and 28 percent on additional amounts.[6] The phaseout of the AMT exemption makes the effective marginal tax rate one-fourth larger than the statutory rate through the phaseout range. After determining pre-credit tentative AMT liability, taxpayers subtract foreign tax credits to calculate tentative AMT liability.

AMT liability is the excess, if any, of tentative AMT liability over a tax liability measure based on the regular income tax. The latter is regular income tax liability before credits (that is, the tax due on adjusted gross income minus allowable exemptions and deductions) less any taxes due because of lump-sum distributions and less any applicable foreign tax credits in the regular tax. For simplicity, we refer to this measure as regular tax liability for AMT purposes.

After calculating regular tax liability for AMT purposes and AMT liability, taxpayers may apply certain tax credits to reduce their tax or increase their refund. Under current law, the AMT does not restrict the use of personal refundable credits—the earned income tax credit and the child credit.[7] Through 2007, taxpayers could use all personal nonrefundable credits to reduce their personal income tax liabilities regardless of the AMT. After 2007, all these credits except the adoption, child, and saver's tax credits are allowed only to the extent that the individual's

[6] The calculation is more complicated for those reporting capital gains or qualified dividends. In general, the AMT preserves the lower rates on gains and dividends that apply in the regular income tax but the phaseout of the AMT exemption can raise the effective tax rate on gains and dividends above the statutory rates for taxpayers in the phaseout range. See Leiserson (2007) for further detail.

[7] The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) repealed a provision that limited the EITC for those with AMT liability. Because EGTRRA is scheduled to sunset at the end of 2010, this provision returns in 2011.

regular tax liability exceeds the tentative AMT liability. Effectively, the credits are not allowed against the AMT. The general business credit can reduce tax only to the level of tentative AMT liability, but unused portions may be carried backward or forward to other tax years. Taxpayers whose ability to use credits is limited by their tentative AMT liability are said to have "lost credits." We treat them as affected by the AMT even though, technically, they are not AMT taxpayers. Finally, as noted above, payment of AMT creates a regular income tax credit for future years to the extent that the AMT liability is the result of timing-related preferences or adjustments and regular tax liability exceeds AMT liability.

Aggregate AMT Projections and Recent History, 1970-2017

In 1970, the minimum tax affected only 20,000 taxpayers. By 2010, absent changes in law, the AMT will hit more than 33 million taxpayers. **Table 1** presents projections of AMT taxpayers, AMT revenue, and other aggregate statistics related to the AMT for the years 2007-2018 under three scenarios: (1) current law; (2) permanent extension of the 2001-06 tax cuts or "current law extended"; and (3) pre-EGTRRA law. **Table 2** pieces together actual historical data and estimates to show the number of AMT taxpayers and the amount of AMT revenue from 1970 through 2018.

We estimate that the AMT affected 4.1 million taxpayers in 2007. If Congress does not extend the temporary AMT fix—or "patch"—or otherwise modify the AMT, the number will balloon to 26.8 million in 2008 and 33.4 million in 2010. If the tax cuts expire after 2010 as scheduled, the number of AMT taxpayers will fall to 20.0 million in 2011, but then resume an upward march to 43.3 million in 2018. If Congress extends the 2001-06 tax cuts, the AMT will affect 56.5 million households in 2018. Had Congress enacted neither the tax cuts nor the temporary AMT patches, 11.3 million filers would have faced the AMT in 2007, considerably more than the 4.1 million estimated under current law. This shows the dramatic effect of the higher exemption in the 2007 AMT patch. If the patch is not extended for 2008, however, the resulting 26.8 million AMT taxpayers will represent more than a doubling of the 13.3 million who would have owed AMT under pre-EGTRRA law.

The AMT affected only 4.5 percent of taxpayers in 2007 but that number will rise markedly in the coming years if the AMT is not fixed. Under current law, the AMT will affect 34.8 percent of taxpayers in 2010, and, if the tax cuts are extended, more than half of all taxpayers (51.8 percent) in 2018.

One indicator of the immense scope of the AMT is that repealing the regular income tax would be less expensive than repealing the AMT. In 2008, eliminating the regular income tax (while retaining the AMT) would reduce revenues by $51.7 billion. Repealing the AMT would cost $87.6 billion in lost revenues. In addition, the share of income reported on returns subject to the AMT will grow over time. If the tax cuts are extended, almost two-thirds of AGI will be reported on returns subject to AMT by 2018. Even if the tax cuts sunset as scheduled, the AMT will affect returns reporting nearly half of AGI.

AMT Participation Rates

Table 3 presents the share of tax units affected by the AMT for various years by a number of individual characteristics. The first two rows show the dramatic jump in the share of AMT returns in 2008 – measured as a percentage of either all taxpayers or all tax filers – and the increases through 2018.

The next panel shows the impact of the AMT on tax filers by cash income levels. Although the AMT may have been originally intended to prevent high-income individuals from sheltering all of their income and paying no tax, it now affects more tax filers in lower income classes than at the top of the income scale. Since the 35 percent top statutory rate in the regular income tax exceeds the top 28 percent statutory rate in the AMT, individuals with high incomes who do not engage in substantial sheltering end up in the regular tax system.[8]

Despite the temporary AMT patch, almost half of filers with incomes between $200,000 and $500,000 paid the AMT in 2007.[9] That figure rises to 57.2 percent for those making between $500,000 and $1 million. The AMT affected few filers with incomes less than $200,000, however. The exemption increase in the AMT patch gives greatest protection to taxpayers with incomes between $75,000 and $200,000. As a result, the share of households in that income range affected by the AMT will rise dramatically if the patch is not extended. Under current law, the share of filers earning $100,000 to $200,000 who are affected by the AMT will explode from 3.6 percent in 2007 to 71 percent in 2008, and the share of filers with incomes between $75,000 and $100,000 affected by the AMT will soar from 0.6 percent to 35.5 percent.

Barring legislative action, the AMT will become the primary income tax for taxpayers with incomes between $200,000 and $500,000 in 2008, affecting more than 91 percent of them. More than two-thirds of filers with incomes between $100,000 and $200,000 and between $500,000 and $1,000,000 will also fall prey to the AMT in that year. If the 2001-06 tax cuts are extended, almost everyone earning between $100,000 and $500,000 will pay the AMT by 2018. In addition, the tax will extend down the income distribution, affecting more than two-thirds of those making between $75,000 and $100,000. Even if the tax cuts expire after 2010, more than half of filers with incomes between $75,000 and $200,000—and more than 80 percent of those with incomes between $200,000 and $500,000—will be paying the AMT by 2018.

The share of taxpayers affected by the AMT varies widely depending on number of children, state tax level, and filing status. Because the AMT disallows dependent exemptions, it impacts filers with many children more than those without children. In 2007, only 2.2 percent of childless taxpayers owed AMT, compared with 8.2 percent of those with three or more children. Without an extension of the patch, those shares will jump to 13.2 percent and 42.8 percent,

[8] What's more, many tax shelters exploit the difference in tax rates between long-term capital gains, which face a maximum tax rate of 15 percent, and ordinary income, which can be taxed at rates as high as 35 percent under the regular income tax. However, the lower capital gains tax rate is not considered an AMT preference item, so high-income taxpayers who report large amounts of capital gains receive the same tax break under the AMT as under the regular income tax. In contrast, before 1987, the lower tax rate on capital gains was considered a preference item and was, in fact, the largest one.
[9] Throughout the analysis, all income classes are measured in 2008 dollars.

respectively, in 2008, and by 2010, more than a third of filers with one child, 43.5 percent of those with 2 children, and almost half of those with 3 or more children, will pay the AMT.

The state and local tax deduction is the largest AMT preference item, accounting for about two-thirds of all exemption preferences. Although residents of high tax states are consistently more likely to pay AMT than residents of low tax states, the differential will fall as AMT coverage expands in the coming years. In 2007, the likelihood of being on the AMT was almost three times as high for residents of high-tax states compared to those in low-tax jurisdictions (5.0 percent vs. 1.8 percent). By 2010, residents of high-tax states are only one-third more likely to be on the AMT (28.8 percent vs. 21.5 percent).

Because the AMT exemption for married couples is not twice that for singles and because the AMT brackets are the same for all filing statuses, married filers are much more likely to pay the AMT than single or head of household filers. In 2007, 5.7 percent of joint returns owed the AMT compared to only 1.1 percent of single returns. In 2008, the share of joint returns paying AMT will reach 40.3 percent whereas only 2.8 percent of single returns will owe the tax.

Absent a change in law, the AMT will become an almost universal tax for upper-middle class families. In 2007, less than 0.05 percent of married families with 2 or more kids and cash income between 75,000 and 100,000 paid the AMT. That share will rise to 67.8 percent by the end of the decade and to more than 90 percent by 2018.

AMT Revenue Averages

Table 4 shows the average amount of additional tax paid by AMT taxpayers for the same groups, years, and tax laws shown in table 3. The main point is that the tax is serious money – the average AMT taxpayer owed over $6,500 in additional tax in 2007. The average AMT bill will fall dramatically in 2008 as the tax expands and ensnares more moderate income households. Those new AMT taxpayers tend to owe a smaller amount of the tax than the households already on the AMT despite the patch, bringing the overall average down. If the 2001-06 tax cuts are extended, the size of the average AMT bill will increase to more than $5,200 by 2018.

Distribution of AMT and Regular Income Tax

Table 5 provides detailed distributional information on AMT and regular income tax liability under current law by cash income levels. With the patch in place for 2007, the AMT was a highly progressive tax: tax units with cash income of $200,000 or more paid almost 95 percent of total AMT liability. In contrast, those units paid only about 60 percent of regular income tax liability. If Congress does not extend the patch, however, the distribution of AMT liability in 2008 and beyond would fall more heavily on tax units with less income; in 2008, almost 40 percent of AMT liability would be paid by those with cash income under $200,000. The highest income taxpayers would pay a smaller share of total AMT liability than of regular income tax liability. Tax units with income of $1 million or more would pay less than 10 percent of AMT liability but almost 30 percent of regular income tax liability.

The distribution of AGI reported on returns affected by the AMT will also shift as the tax expands. In 2007, tax units with income between $200,000 and $500,000 reported 45.7 percent of the AGI on AMT returns; returns with income of less than $200,000 reported only 6.5 percent (few people in those income classes paid the AMT). By 2010, tax units with income less than $200,000 will account for 53.4 percent of AGI reported on AMT returns.

As noted, the income profile of taxpayers subject to the AMT will change over time. In 2007, the AMT primarily affected higher-income tax units: 80.5 percent of AMT taxpayers had income in excess of $200,000 whereas only 4.6 percent of all tax units did. By 2010, although the AMT will still primarily affect high-income tax units, it will affect a much larger share of those with incomes between $75,000 and $200,000. Only a fifth of AMT taxpayers will have incomes greater than $200,000 while the overall share of tax units with incomes in that range will remain essentially unchanged. In contrast, more than two-thirds of AMT taxpayers will be in the $75,000 to $200,000 income range.

Income Subject to Tax and Effective Marginal Rates

One of the enduring myths about the alternative minimum tax is that, whatever its other faults, it taxes a broader base of income at lower marginal rates than the regular income tax. The truth is, in fact, exactly the opposite: for the vast majority of AMT taxpayers, the AMT taxes less income and imposes higher marginal rates than does the regular income tax. **Table 6** shows that the share of AMT taxpayers with less income subject to AMT than to the regular income tax will rise from 63.4 percent in 2007 to 87.1 percent in 2010, including more than 95 percent of AMT taxpayers with cash income between $30,000 and $100,000. The share with higher marginal tax rates under the AMT than under the regular tax will rise from 71.9 percent in 2007 to 88.3 percent in 2010. These seemingly anomalous results arise because the AMT exempts a large share of income for many middle-income taxpayers. Such households can end up on the AMT only if the AMT tax rates—26 and 28 percent—are much higher than their average effective rate under the regular income tax.[10]

Coincident with the dramatic expansion of the AMT is a decline between 2007 and 2010 in the average dollar value of adjustments and preferences for middle-income taxpayers affected by the AMT. In 2007, AMT taxpayers with income between $50,000 and $500,000 had average adjustments and preferences of about $34,000. AMT taxpayers in other income classes had larger averages. As AMT coverage expands, average adjustments and preferences drop. By 2010, AMT taxpayers with income between $30,000 and $100,000 will have adjustments and preferences averaging less than $20,000 compared with about $21,000 for those with incomes between $100,000 and $200,000. In 2010, the standard deduction plus personal exemptions for a family of four ($22,350) will exceed the average adjustments and preferences of AMT taxpayers in all income classes between $30,000 and $200,000.

[10] Many higher-income taxpayers also face higher marginal tax rates under the AMT because the phase-out of the exemption creates implicit tax rates up to 35 percent in the phase-out range. See Burman, Gale, and Rohaly (2005) for a discussion.

Tax Cuts and the AMT

Because the 2001-06 tax cuts did not permanently reform the AMT, the alternative tax has clawed back a substantial portion of the tax reduction that individuals would have received. In fact, the AMT will completely eliminate the tax cuts for 2.4 percent of all taxpayers in 2010 and many more tax units will get less than the full cut in their regular taxes.

Table 7 shows that in 2010, the last year before most provisions of the 2001-06 tax cuts are scheduled to sunset, the AMT will take back one-fourth of the regular income tax cut that taxpayers would otherwise have received. The claw-back rises to two-fifths for households with cash income between $100,000 and $200,000 and two-thirds for those with income between $200,000 and $500,000. About 1 in 12 tax units with income between $100,000 and $200,000 and 1 in 5 of those with income between $200,000 and $500,000 will receive no tax cut in 2010 because of the AMT.

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Table 1
Aggregate AMT Projections, 2007-2018

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total 2007-18
Number of AMT Taxpayers[a] (millions)													
Current Law	4.1	26.8	30.0	33.4	20.0	22.7	25.6	28.5	32.4	36.3	39.7	43.3	
Current Law Extended[b]	4.1	26.8	30.0	33.4	35.6	38.8	41.7	44.6	47.5	50.3	53.3	56.5	
Pre-EGTRRA Law	11.3	13.3	15.8	18.2	20.0	22.8	25.7	28.6	32.5	36.5	39.9	43.5	
Percent of Taxpayers Affected by AMT[c]													
Current Law	4.5	33.8	32.1	34.8	19.4	21.7	24.1	26.4	29.5	32.7	35.3	38.0	
Current Law Extended	4.5	33.8	32.1	34.8	36.5	39.0	41.1	43.2	45.4	47.4	49.4	51.8	
Pre-EGTRRA Law	11.6	13.5	15.8	17.8	19.3	21.6	24.0	26.3	29.5	32.6	35.3	38.0	
AMT Revenue[d] (billions of $)													
Current Law	26.7	87.6	101.8	123.9	52.2	60.6	69.6	79.0	90.7	103.6	118.3	134.9	1,048.9
Current Law Extended	26.7	87.6	101.8	123.9	136.6	156.0	175.2	195.2	218.0	242.7	269.0	298.5	2,031.2
Pre-EGTRRA Law	29.0	33.6	39.7	46.6	52.3	60.6	69.7	79.2	90.9	104.0	118.7	135.4	859.6
AMT Revenue/AMT Taxpayer ($)													
Current Law	6,577	3,264	3,389	3,711	2,613	2,665	2,713	2,769	2,801	2,858	2,977	3,116	
Current Law Extended	6,577	3,264	3,389	3,711	3,836	4,015	4,201	4,379	4,585	4,820	5,049	5,285	
Pre-EGTRRA Law	2,557	2,524	2,515	2,562	2,611	2,662	2,709	2,765	2,794	2,852	2,973	3,112	
AMT Revenue as a Percentage of Income Tax Revenue													
Current Law	2.5	8.5	8.5	9.5	3.3	3.6	3.9	4.2	4.5	4.9	5.3	5.7	
Current Law Extended	2.5	8.5	8.5	9.5	10.2	10.7	11.3	11.8	12.4	13.0	13.6	14.2	
Pre-EGTRRA Law	2.2	2.4	2.8	3.0	3.3	3.6	3.9	4.1	4.5	4.9	5.3	5.7	
Percent of AGI on AMT Returns													
Current Law	17.3	47.5	50.1	53.8	28.8	31.3	34.0	36.4	39.4	42.3	44.8	47.2	
Current Law Extended	17.3	47.5	50.1	53.8	54.8	57.0	58.7	60.3	61.8	63.2	64.6	66.1	
Pre-EGTRRA Law	19.7	21.9	24.7	27.1	28.8	31.3	34.0	36.5	39.5	42.4	44.9	47.3	
Cost of Regular Income Tax Repeal[e] (billions of $)													
Current Law	-231.6	-51.7	-60.0	-54.7	-225.3	-226.2	-225.8	-226.4	-226.0	-226.0	-226.8	-227.5	-2,207.9
Current Law Extended	-231.6	-51.7	-60.0	-54.7	-51.4	-48.9	-46.1	-43.5	-40.2	-37.1	-34.5	-31.6	-731.3
Pre-EGTRRA Law	-237.8	-233.2	-228.1	-229.9	-227.6	-228.4	-227.9	-228.4	-228.0	-228.0	-228.8	-229.6	-2,755.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5).
Notes: Data are for calendar years. Tax units who are dependents of other tax units are excluded from the analysis. Numbers may not add due to rounding.
a. AMT taxpayers are defined as those with an AMT liability from form 6251, with lost credits, or with reduced deductions.
b. Includes all 2010 sunset provisions in current law.
c. Taxpayers are defined as returns with positive income tax liability net of refundable credits.
d. "Revenue" is actually calendar year tax liability. Some of that liability would be paid in a subsequent year.
e. Includes repeal of the child tax credit and the earned income tax credit for all years as well as nonrefundable tax credits in the years in which they are not allowed for AMT purposes under current law.

Table 2
Aggregate AMT Projections and Recent History, 1970-2018

Years	Current Law		Current Law Extended[4]		Pre-EGTRRA Law	
	AMT Taxpayers (millions)[a]	AMT Revenue ($ billions)[b]	AMT Taxpayers (millions)[a]	AMT Revenue ($ billions)[b]	AMT Taxpayers (millions)[a]	AMT Revenue ($ billions)[b]
1970	0.02	0.1				
1971	0.02	0.2				
1972	0.03	0.2				
1973	0.03	0.2				
1974	0.02	0.1				
1975	0.02	0.1				
1976	0.25	1.0				
1977	0.40	1.3				
1978	0.50	1.5				
1979	0.23	1.2				
1980	0.22	1.3				
1981	0.26	1.8				
1982	0.23	1.5				
1983	0.27	2.5				
1984	0.37	4.5				
1985	0.43	3.8				
1986	0.61	6.7				
1987	0.14	1.7				
1988	0.11	1.0				
1989	0.17	1.6				
1990	0.20	1.6				
1991	0.34	2.1				
1992	0.42	2.5				
1993	0.47	3.3				
1994	0.53	3.8				
1995	0.63	4.1				
1996	0.72	5.0				
1997	0.90	6.7				
1998	1.05	7.7				
1999	1.29	9.6				
2000	1.61	13.1				
2001	1.3	8.8	1.3	8.8	1.7	11.7
2002	2.1	8.8	2.1	8.8	3.8	14.0
2003	2.5	11.2	2.5	11.2	4.2	15.0
2004	3.1	17.1	3.1	17.1	5.5	16.1
2005	4.0	20.5	4.0	20.5	7.0	19.2
2006	4.0	24.6	4.0	24.6	9.0	23.5
2007	4.1	26.7	4.1	26.7	11.3	29.0
2008	26.8	87.6	26.8	87.6	13.3	33.6
2009	30.0	101.8	30.0	101.8	15.8	39.7
2010	33.4	123.9	33.4	123.9	18.2	46.6
2011	20.0	52.2	35.6	136.6	20.0	52.3
2012	22.7	60.6	38.8	156.0	22.8	60.6
2013	25.6	69.6	41.7	175.2	25.7	69.7
2014	28.5	79.0	44.6	195.2	28.6	79.2
2015	32.4	90.7	47.5	218.0	32.5	90.9
2016	36.3	103.6	50.3	242.7	36.5	104.0
2017	39.7	118.3	53.3	269.0	39.9	118.7
2018	43.3	134.9	56.5	298.5	43.5	135.4

Sources: Urban-Brookings Tax Policy Center Microsimulation Model (versions 0304-3, 1006-1, and 0308-5); Harvey and Tempalski (1997); private communication from Jerry Tempalski; and IRS.

Notes: Data are for calendar years. The data for the years 1970 to 1998 has been obtained from Harvey and Tempalski (1997) table 2 and private communications. For the years 1999 to 2000, the number of AMT taxpayers and the AMT revenue under current and extended law have been calculated by adding TPC microsimulation model (version 0304-3) estimates of the number of taxpayers with lost credits and the revenue due to these lost credits to the IRS published actual figures for those with direct AMT liability; for 2001-03 the number has been calculated by adding the TPC microsimulation model (version 1006-1) estimates of the number of taxpayers with lost credits or reduced deductions but no direct liability and the revenue due to those taxpayers to IRS published actual figures for those with direct AMT liability. For 2004-17 under all three scenarios, and for pre-EGTRRA law from 2001-03, estimates are from the TPC microsimulation model (version 0308-4).

a. Includes those with direct AMT liability on Form 6251, those with lost credits, and (for years 2001-2018) those with a reduced deduction. Tax units that are dependents of other taxpayers are excluded from the analysis.

b. Includes direct AMT liability on Form 6251, lost credits, and (for years 2001-2018) the revenue due to reduced deductions.

c. Includes extension of all provisions in current law that sunset in 2010.

Table 3
AMT Participation Rate (percent) by Individual Characteristics

Group	Current Law					Current Law Extended[a]	Pre-EGTRRA Law	
	2007	2008	2009	2010	2018	2018	2008	2010
All Taxpayers[b]	4.5	33.8	32.1	34.8	38.0	51.8	13.5	17.8
All Tax Filers	3.2	20.8	23.1	25.3	30.3	39.6	10.3	13.7
Tax Filers by Cash Income (thousands of 2008$)[c]								
Less than 30	*	*	*	*	0.1	0.1	*	*
30-50	*	1.4	1.8	2.4	11.4	12.3	1.6	2.4
50-75	0.2	10.1	12.6	15.2	29.4	38.1	7.8	11.7
75-100	0.6	35.5	41.8	45.9	52.5	67.6	21.0	26.5
100-200	3.6	71.0	75.2	78.2	67.6	92.0	28.0	35.3
200-500	47.0	91.4	93.1	94.2	81.3	97.0	48.0	58.8
500-1,000	57.2	69.6	70.3	76.9	29.6	77.7	26.9	27.3
1,000 and more	37.3	43.7	43.2	47.3	21.4	43.4	21.9	22.1
Tax Filers by Number of Children[d]								
0	2.2	13.2	15.3	17.3	19.0	31.4	3.2	4.6
1	3.4	28.5	31.3	34.3	43.7	50.4	11.7	19.1
2	5.5	38.6	40.8	43.5	56.5	58.0	28.4	36.7
3 or more	8.2	42.8	45.7	48.5	65.7	63.7	43.6	50.0
Tax Filers By State Tax Level								
High	5.0	24.5	26.6	28.8	34.2	43.0	14.0	17.9
Middle	2.9	21.2	23.6	25.9	31.5	40.7	10.1	13.7
Low	1.8	17.2	19.4	21.5	25.8	35.7	7.1	10.1
Tax Filers by Filing Status								
Single	1.1	2.8	3.3	3.9	5.7	12.3	1.4	1.9
Married Filing Joint	5.7	40.3	44.1	47.8	51.2	66.1	18.4	24.2
Head of Household	1.6	12.6	15.2	17.8	34.0	36.0	10.6	15.3
Married Filing Separate	5.2	40.0	43.4	46.9	51.9	66.3	15.7	19.8
Married Couple, 2+ Kids, 75k<Cash Income<100k	*	57.4	63.5	67.8	90.8	90.1	57.8	68.4
Married Couple, 2+ Kids, 75k<AGI<100k	0.3	77.5	82.7	87.3	98.2	97.9	74.2	85.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5).
* Less than 0.05 percent.
Notes: Includes returns with AMT liability on Form 6251, with lost credits, and with reduced deductions. Tax units that are dependents of other tax units are excluded fom the analysis.
a. Includes all 2010 sunset provisions in current law.
b. Taxpayers are defined as returns with positive income tax liability net of refundable credits.
c. Tax units with negative cash income are excluded from the lowest income class. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm
d. Number of children is defined as number of exemptions taken for children living at home.

Table 4
AMT Revenue per AMT Taxpayer ($)

Group of AMT taxpayers	Current Law 2007	Current Law 2008	Current Law 2009	Current Law 2010	Current Law 2018	Current Law Extended[a] 2018	Pre-EGTRRA Law 2008	Pre-EGTRRA Law 2010
All	6,577	3,264	3,389	3,711	3,116	5,285	2,524	2,562
By Cash Income (thousands of 2008$)[b]								
Less than 30	9,682	399	170	305	478	349	387	427
30-50	23	515	516	513	767	726	626	646
50-75	824	707	737	778	1,336	1,351	837	897
75-100	1,096	887	979	1,080	1,821	2,269	1,087	1,232
100-200	1,899	2,081	2,308	2,525	2,693	4,837	1,706	1,859
200-500	4,730	7,362	7,971	8,998	6,920	13,752	4,270	4,568
500-1,000	11,064	12,132	12,809	13,844	14,756	17,244	12,199	12,718
1,000 and more	36,906	38,402	39,646	42,591	59,591	53,592	47,037	48,796
By Number of Children[c]								
0	7,883	3,218	3,227	3,475	2,840	4,767	4,749	4,180
1	5,667	2,695	2,861	3,156	2,567	4,799	2,030	1,849
2	5,559	3,412	3,696	4,131	3,470	6,354	1,714	1,939
3 or more	5,414	4,175	4,396	4,940	4,520	7,316	2,330	2,705
By State Tax Level								
High	7,179	4,042	4,213	4,586	3,923	6,313	2,930	3,062
Middle	6,075	3,051	3,173	3,486	2,884	5,064	2,288	2,318
Low	5,785	2,498	2,607	2,894	2,403	4,395	2,100	2,058
By Filing Status								
Single	6,508	4,314	4,140	4,230	3,146	3,311	4,590	4,148
Married Filing Joint	6,948	3,455	3,637	4,034	3,511	6,376	2,662	2,764
Head of Household	3,268	1,592	1,596	1,678	1,910	2,513	1,267	1,310
Married Filing Separate	6,518	2,070	2,169	2,376	2,078	3,559	2,564	2,518
Married Couple, 2+ Kids, 75k<Cash Income<100k	945	942	1,082	1,225	2,685	2,857	1,109	1,360
Married Couple, 2+ Kids, 75k<AGI<100k	1,706	1,315	1,514	1,733	3,187	3,927	1,303	1,617

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5).
Notes: Includes AMT liability on Form 6251, lost credits, and the value of reduced deductions. Tax units that are dependents of other tax units are excluded fom the analysis.
a. Includes all 2010 sunset provisions in current law.
b. Tax units with negative cash income are excluded from the lowest income class. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm
c. Number of children is defined as number of exemptions taken for children living at home.

Table 5
Distribution of AMT and Regular Income Tax by Cash Income, Current Law

2007

Cash Income Class (thousands of 2008$)[a]	Tax Units (thousands) AMT Taxpayers[b]	All Units	Percent of Units AMT Taxpayers	All Units	Percent of AGI AMT Taxpayers	All Units	Percent of Tax Liability AMT[c]	All Income Tax[d]
Less than 30	*	61,156	**	41.3	**	7.3	**	-2.6
30-50	3	25,700	0.1	17.4	**	9.3	**	2.9
50-75	43	21,216	1.1	14.3	0.2	12.5	0.1	7.6
75-100	79	13,672	2.0	9.2	0.4	11.5	0.3	8.2
100-200	667	18,750	16.4	12.7	5.9	24.3	4.7	23.0
200-500	2,520	5,357	62.0	3.6	45.7	14.2	44.6	20.9
500-1,000	556	971	13.7	0.7	19.1	5.8	23.0	11.0
1,000 and more	197	529	4.9	0.4	28.7	15.7	27.2	29.1
All	4,063	148,020	100.0	100.0	100.0	100.0	100.0	100.0

2008

Cash Income Class (thousands of 2008$)[a]	Tax Units (thousands) AMT Taxpayers[b]	All Units	Percent of Units AMT Taxpayers	All Units	Percent of AGI AMT Taxpayers	All Units	Percent of Tax Liability AMT[c]	All Income Tax[d]
Less than 30	2	60,612	**	40.8	**	7.3	**	-5.4
30-50	349	25,904	1.3	17.5	0.3	9.3	0.2	1.1
50-75	2,134	21,361	8.0	14.4	3.0	12.6	1.7	6.2
75-100	4,939	13,920	18.4	9.4	9.4	11.7	5.0	7.9
100-200	13,564	19,094	50.5	12.9	39.2	24.7	32.2	25.6
200-500	4,959	5,424	18.5	3.7	28.5	14.3	41.7	24.2
500-1,000	673	967	2.5	0.7	8.1	5.8	9.3	11.4
1,000 and more	226	517	0.8	0.4	11.6	15.0	9.9	29.1
All	26,847	148,478	100.0	100.0	100.0	100.0	100.0	100.0

2010

Cash Income Class (thousands of 2008$)[a]	Tax Units (thousands) AMT Taxpayers[b]	All Units	Percent of Units AMT Taxpayers	All Units	Percent of AGI AMT Taxpayers	All Units	Percent of Tax Liability AMT[c]	All Income Tax[d]
Less than 30	5	60,631	**	39.8	**	6.9	**	-2.2
30-50	602	26,422	1.8	17.4	0.5	8.9	0.3	2.6
50-75	3,285	21,849	9.8	14.4	3.8	12.2	2.1	7.2
75-100	6,527	14,261	19.6	9.4	10.2	11.3	5.7	8.4
100-200	16,249	20,780	48.7	13.7	39.0	25.5	33.1	25.9
200-500	5,646	5,991	16.9	3.9	27.0	15.0	41.0	22.7
500-1,000	797	1,037	2.4	0.7	8.1	5.8	8.9	10.1
1,000 and more	260	549	0.8	0.4	11.5	15.0	8.9	25.4
All	33,372	152,206	100.0	100.0	100.0	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5).
* Fewer than 500. ** Less than 0.05 percent in absolute value.
a. Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Includes both filing and non-filing units but excludes those that are dependents of other taxpayers. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm
b. AMT taxpayers include those with AMT liability from Form 6251, with lost credits, and with reduced deductions.
c. Includes direct AMT liability, lost credits, and the value of reduced deductions.
d. All income tax is the sum of regular income tax net of refundable credits plus direct AMT liability.

Table 6
Income Subject to Tax and Effective Marginal Tax Rates
in the Regular Income Tax and the AMT Among AMT Taxpayers, Current Law

2007

Cash Income Class (thousands of 2008$)[a]	Percent With More Income Subject to Tax In[b]		Average Adjustments and Preferences[c]	Percent With a Higher Marginal Tax Rate In[d]		Average Effective Marginal Tax Rate (percent)[e]	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	0.0	100.0	983,913	0.0	100.0	-3.9	17.0
30-50	99.5	0.5	38,071	0.1	99.7	0.0	14.5
50-75	90.0	10.0	34,408	0.0	100.0	17.1	26.0
75-100	88.9	11.2	33,483	4.5	95.4	20.9	27.6
100-200	95.2	4.8	35,423	4.4	89.6	25.2	29.2
200-500	69.4	30.6	33,337	22.0	77.1	31.1	33.6
500-1,000	9.9	90.1	47,691	64.1	34.6	31.2	29.5
More than 1,000	13.6	86.5	193,232	61.4	34.1	27.4	27.1
All	63.4	36.6	43,439	26.1	71.9	29.6	31.8

2008

Cash Income Class (thousands of 2008$)[a]	Percent With More Income Subject to Tax In[b]		Average Adjustments and Preferences[c]	Percent With a Higher Marginal Tax Rate In[d]		Average Effective Marginal Tax Rate (percent)[e]	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	99.2	0.8	25,951	0.0	100.0	9.8	26.0
30-50	93.4	6.6	14,332	0.7	96.6	15.6	23.9
50-75	97.1	2.9	18,007	4.5	93.3	18.8	25.0
75-100	99.0	1.0	18,803	1.3	95.9	18.9	25.9
100-200	98.2	1.8	20,866	7.6	89.9	26.0	28.6
200-500	54.3	45.7	27,855	15.8	83.8	29.8	33.2
500-1,000	8.6	91.4	49,324	70.1	28.5	31.3	28.8
More than 1,000	8.2	91.8	193,659	60.6	35.3	27.9	27.6
All	87.1	12.9	23,635	9.6	88.3	24.8	28.6

2010

Cash Income Class (thousands of 2008$)[a]	Percent With More Income Subject to Tax In[b]		Average Adjustments and Preferences[c]	Percent With a Higher Marginal Tax Rate In[d]		Average Effective Marginal Tax Rate (percent)[e]	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
Less than 30	99.6	0.4	20,786	0.0	100.0	14.1	24.3
30-50	95.6	4.4	15,535	0.0	98.4	16.0	25.7
50-75	97.0	3.0	18,465	4.0	93.4	18.2	24.6
75-100	99.0	1.0	18,323	1.3	94.8	18.6	25.6
100-200	97.4	2.6	20,916	7.4	90.7	25.1	28.1
200-500	47.7	52.3	29,549	13.0	86.0	28.7	32.7
500-1,000	9.0	91.1	54,131	66.7	27.6	31.0	28.7
More than 1,000	6.5	93.6	202,171	52.8	34.3	27.9	27.6
All	86.4	13.6	23,738	8.4	89.2	23.7	28.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5).
Notes: AMT taxpayers include those with AMT liability from Form 6251, with lost credits, and with reduced deductions.
a. Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Includes both filing and non-filing units but excludes those that are dependents of other taxpayers. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm
b. Income subject to tax for the regular income tax is taxable income; for the AMT it is AMTI net of the AMT exemption.
c. Amounts are in nominal dollars to facilitate comparison with AMT exemption amounts. For 2007, the AMT exemption is $66,250 for married couples filing jointly and surviving spouses; $44,350 for unmarried individuals other than surviving spouses; and $33,125 for married individuals filing separately. For 2008 and 2010, the exemption amounts are $45,000, $33,750, and $22,500.
d. The marginal tax rate for each return is calculated by adding $1,000 to wages, recomputing income tax net of refundable credits, and dividing the resulting change in tax liability by 1,000.
e. Marginal tax rates represent a simple average across individuals.

Table 7
Effect of the AMT on 2001-2008 Individual Income Tax Cuts, 2010

Cash Income Class (thousands of 2008 dollars)[a]	Tax Units[b]		Percent of Tax Units With No Cut Due to AMT	Percent of Tax Cut Taken Back By AMT
	Number (Thousands)	Percent of Total		
Less than 30	60,589	39.8	*	*
30-50	26,408	17.4	0.1	0.6
50-75	21,823	14.3	1.4	3.3
75-100	14,261	9.4	3.2	13.6
100-200	20,830	13.7	8.1	40.7
200-500	6,022	4.0	18.5	66.2
500-1,000	1,039	0.7	3.2	27.3
More than 1,000	549	0.4	1.4	6.7
All	152,206	100.0	2.4	25.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5).
* Less than 0.05 percent.
Notes: Data are for calendar year 2010. Tax cuts are calculated as a comparison of pre-EGTRRA law without the AMT and current law without the AMT. The share of the tax cuts taken back by the AMT is calculated using the increase in the AMT between pre-EGTRRA law and current law.
a. Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see http://www.taxpolicycenter.org/TaxModel/income.cfm
b. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.