

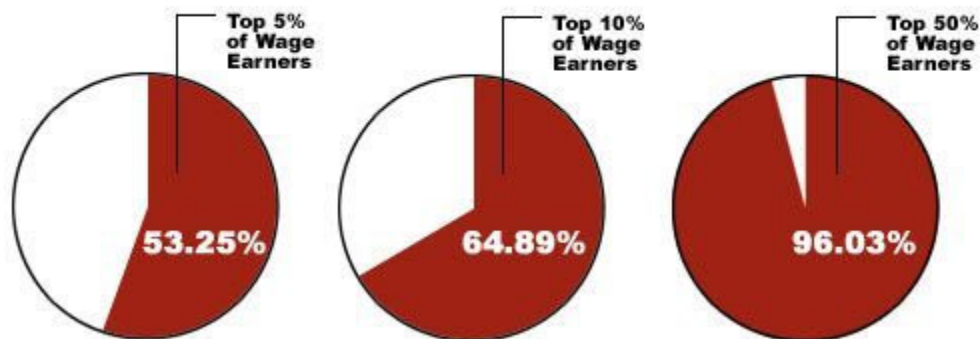
Only The Rich Pay Taxes

Top 50% of Wage Earners Pay 96.03% of Income Taxes

October 10, 2003

There is new data for 2001. The share of total income taxes paid by the top 1% fell to 33.89% from 37.42% in 2000. This is mainly because their income share (not just wages) fell from 20.81% to 17.53%. However, their average tax rate actually rose slightly from 27.45% to 27.50%.

All Federal Income Taxes Paid in the United States



*Data covers calendar year 2001, not fiscal year 2001 - and includes all income, not just wages, excluding Social Security

This proves that it was not the tax cut that caused revenues from the rich to fall, but the recession and the stock market crash. In other words, you live by the sword, you die by the sword. If you are going to benefit from the rich paying more taxes, due to progressivity, on the upside, you are going to lose more revenue from these people on the downside. This is a good argument for reducing progressivity.

Think of it this way: less than four dollars out of every \$100 paid in income taxes in the United States is paid by someone in the bottom 50% of wage earners.

Are the top half millionaires? No. More like "thousandaires." The top 50% were those individuals or couples filing jointly who earned \$26,000 and up in 1999.

Americans who want to are continuing to improve their lives - and those who don't want to, aren't. Here are the wage earners in each

category and the percentages they pay:

Top 5% pay 53.25% of all income taxes (Down from 2000 figure: 56.47%).

The top 10% pay 64.89% (Down from 2000 figure: 67.33%).

The top 25% pay 82.9% (Down from 2000 figure: 84.01%).

The top 50% pay 96.03% (Down from 2000 figure: 96.09%).

The bottom 50%? They pay a paltry 3.97% of all income taxes.

Conclusion: The "rich" are average Americans. Just like you and me. To be in the top 50%, you had to earn \$26,000. If you earn this amount, do you think of yourself as rich?