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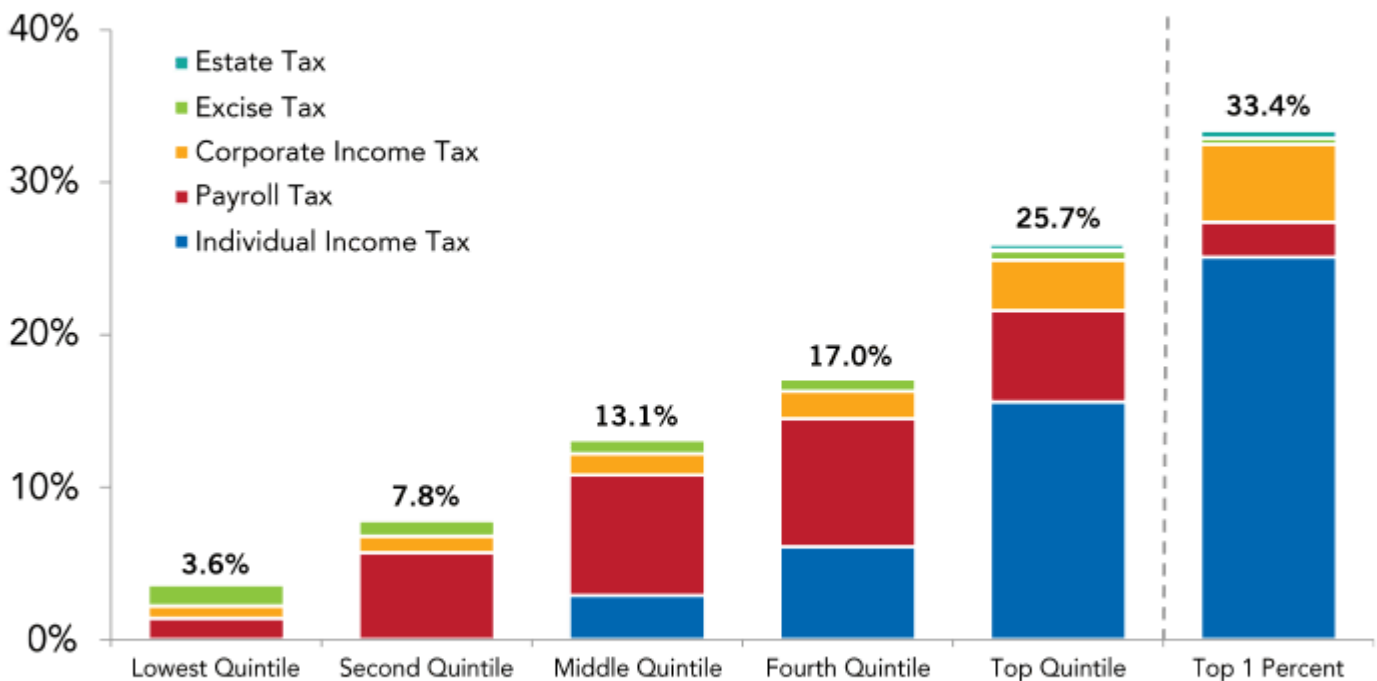
What kinds of taxes do Americans pay?

Too often, debates about the federal tax code confuse or misrepresent important facts because they focus on only one part of our federal tax system — usually the individual income tax — and ignore the fact that Americans pay many other taxes.



All income groups pay taxes, but overall the U.S. tax system is progressive

EFFECTIVE FEDERAL TAX RATE (% OF EXPANDED CASH INCOME)



SOURCE: Tax Policy Center, *Effective Federal Tax Rates By Expanded Cash Income Percentile, 2015*. Data are for 2015. Compiled by PGPF.

NOTE: Individual income tax rates for the lowest and second lowest quintiles are negative and are netted against the payroll tax rate. A quintile is one fifth of the population. The income breaks are (in 2015 dollars): 20% \$22,769; 40% \$44,590; 60% \$78,129; 80% \$138,265; 99% \$709,166.

Viewed in aggregate, our tax system is generally progressive, with higher-income taxpayers paying a larger share of their income in taxes than lower income groups. However, taxpayers at different ends of the income distribution pay different types of taxes:

- Affluent Americans pay a larger share of their income in individual income taxes, corporate taxes, and estate taxes than lower-income groups do.
- Lower-income groups pay a greater portion of their earnings in payroll taxes and excise taxes (taxes paid with the purchase of certain goods, such as gasoline) than higher-income groups do.

It is also important to note that in the current system, two taxpayers with the same level of income could face very different tax bills because one takes advantage of more tax breaks than the other.

For more information on the American tax system, see:

- Budget Basics: Who Pays Taxes?
- Who Benefits from Tax Expenditures?
- The U.S. Tax Burden Is Low Compared to Most Advanced Economies
- Finding Solutions: Tax Reform

Related: Infographic: How The U.S. Tax System Works

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