

## Blinded By the Light So You Can't See What's In Front Of You

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If a story hangs around long enough it becomes true: they blind you with half-truths.

We saw some of that last night during the State of the Union. But the message has been hanging around for some time. The rich don't pay their fair share. Yet, they don't bother to tell you what a fair share should be, only that "they don't pay it."

Yes, there are handfuls of examples where the wealthy pay little to nothing using the tax code. However, what's more representative of the real world, the handful or the more than 150 million IRS returns?

The top 5% of wage earners earn 38% of the incomes. What percentage of the taxes would be fair, 40%? 50%?

In truth they paid 62.7% of the taxes (*Figure 1*). This ratio hardly varies in different years.

Figure 1

	Top 1%	Top 5%	Top 10%	Top 25%	Top 50%	Bottom 50%	All Taxpayers
Number of Returns	1,574,942	7,874,712	15,749,424	39,373,561	78,747,121	78,747,121	157,494,242
Average Tax Rate	26.0%	22.4%	20.3%	17.1%	14.8%	3.1%	13.6%
Average Income Taxes Paid	\$458,894	\$136,091	\$79,897	\$38,396	\$21,187	\$504	\$10,845
Adjusted Gross Income (\$ millions)	\$2,780,754	\$4,775,995	\$6,198,022	\$8,862,578	\$11,257,092	\$1,276,009	\$12,533,102
Share of Total Adjusted Gross Income	22.2%	38.1%	49.5%	70.7%	89.8%	10.2%	100.0%
Income Taxes Paid (\$ millions)	\$722,732	\$1,071,681	\$1,258,335	\$1,511,786	\$1,668,410	\$39,671	\$1,708,081
Share of Total Income Taxes Paid	42.3%	62.7%	73.7%	88.5%	97.7%	2.3%	100.0%
Income Split Point	\$548,336	\$220,521	\$152,321	\$85,853	\$42,184	\$42,184	

Source: IRS, Statistics of Income, "Individual Income Rates and Tax Shares."

When one looks at those making a million or more the stories are the same. They represent 16% of the income earned but pay 39% of the taxes (*Figure 2*).

If you have trouble believing this, take it up with the CBO and the IRS. You can see this even with your eyes wide shut by looking at the two tables included.

(Figure 2) Table A-6.—Distribution of Income and Taxes, and Average Tax Rates in 2022 (Projected)

Income Category					Combined Income, Employment, and Excise Taxes Under Present Law			Individual Income Taxes		
	Number of Returns (Thousands)	Share of Returns	Income (\$ Millions)	Share of Income	\$ Billions	Percent Share	Average Tax Rate	\$ Billions	Percent Share	Average Tax Rate
Less than \$10,000	14,414	8.0%	48,406	0.3%	3.0	0.1%	6.1%	-8.1	-0.4%	-16.7%
\$10,000 to \$20,000	14,475	8.1%	221,312	1.2%	-0.1	0.0%	0.0%	-31.4	-1.6%	-14.2%
\$20,000 to \$30,000	17,136	9.5%	429,708	2.3%	16.2	0.4%	3.8%	-32.0	-1.6%	-7.5%
\$30,000 to \$40,000	16,923	9.4%	590,258	3.1%	45.6	1.2%	7.7%	-19.7	-1.0%	-3.3%
\$40,000 to \$50,000	14,814	8.3%	665,671	3.6%	69.0	1.8%	10.4%	-48.0	-0.2%	-0.7%
\$50,000 to \$75,000	29,814	16.6%	1,840,380	9.8%	246.6	6.4%	13.4%	43.9	2.2%	2.4%
\$75,000 to \$100,000	19,000	10.6%	1,648,614	8.8%	261.2	6.8%	158%	82.2	4.1%	5.0%
\$100,000 to \$200,000	35,778	9.9%	4,992,800	26.6%	963.8	25.2%	193%	392.8	19.8%	7.9%
\$200,000 to \$500,000	14,329	8.0%	4,044,418	21.6%	974.5	25.5%	24.1%	533.3	26.9%	13.2%
\$500,000 to \$1,000,000	1,836	1.0%	1,234,690	6.8%	350.1	9.1%	28.4%	253.0	12.8%	20.5%
\$1,000,000 and over	917	0.5%	3,026,866	16.1%	898.8	23.5%	29.7%	771.9	39.0%	25.5%
<b>Total, All Taxpayers</b>	179,437	100.0%	18,743,122	100.0%	3,828.8	100.0%	20.4%	1,981.0	100.0%	10.6%

Joint Committee on Taxation, "Overview of Federal Tax System as in Effect for 2022"

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He has testified numerous times before congressional committees and regulatory bodies and has been appointed to the National Petroleum Council (NPC) by every recent U.S. Secretary of Energy. He has briefed the Chairman of the Federal Reserve Board, senior officials at the Government Accountability Office, and a wide range of government agencies on developments in domestic and world petroleum markets. He has also served as consultant to the Iraq Coalition Provisional Authority. During the 1970s and 1980s he frequently appeared on the CBS Evening News anchored by Walter Cronkite.