



Source: Urban-Brookings Tax Policy Center Microsimulation Model. <http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=2432>
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This chart by Mercatus Center Senior Research Fellow Veronique de Rugy compares the average effective rate at which earners in different income quintiles are taxed by the federal government. Importantly, this effective federal income tax rate documents the level of taxation that individuals pay when all other tax offsets and deductions are applied. This means that when certain groups have greater offsets than others, they face different effective tax rates, even if their official and marginal tax rates are identical.

Examining tax statistics in this way makes the progressivity of the United States federal income tax system clear – even when deductions and tax credits are taken into account, on average, wealthy Americans pay more in taxes than members of any other income group. Across the board, the rate of taxation increases with the level of earnings, with the average low income American facing a negative effective federal tax rate.

One thing is certain: Whether one thinks that the current system is fair, unfair, or just right, there can be little debate that federal income taxes are progressive.

Veronique de Rugy explains how [taxes change behavior](#) on Bloomberg TV.