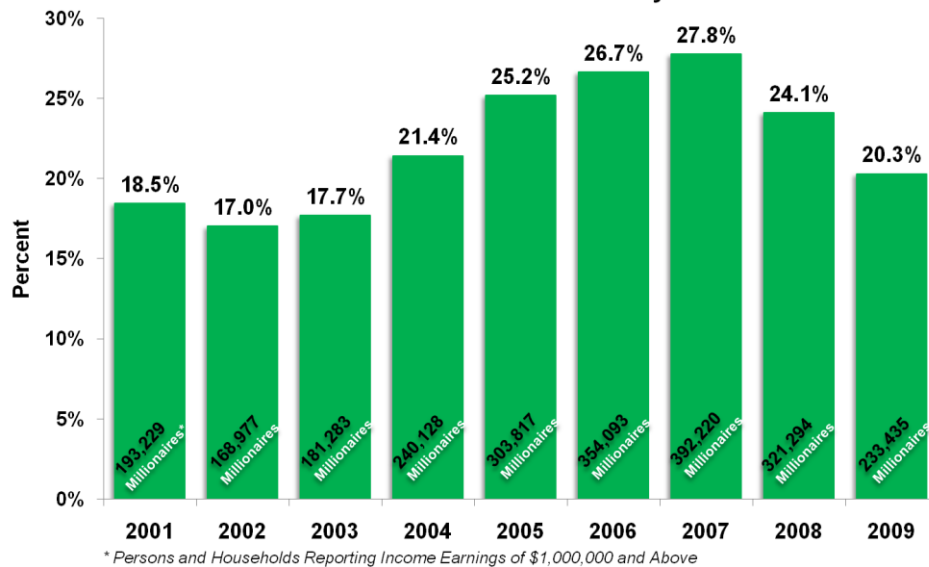


### Taxing The Nouveau Riche: Share of Total Income Taxes Paid by Millionaires



Source: Internal Revenue Service  
Produced by: Veronique de Rugy, Mercatus Center at George Mason University

The president spends a lot of time talking about the fairness of the tax code, and the notion that people making over \$1 million should not pay lower taxes than the middle class. The real question at hand is “Do the rich pay their fair share in taxes?” This week, Mercatus Center Senior Research Fellow Veronique de Rugy uses data from the Internal Revenue Service’s Statistics of Income to show the number of U.S. millionaires (people and households earning \$1million or more as reported by the IRS) and their relative contributions in paid income taxes.

In 2009 alone, millionaires made up 0.1 percent, or just fewer than 240 thousand of the 140 million tax returns filed that year. Despite their small demographic imprint, the magnitude of their contribution in paid taxes is hard to overlook. Over the past ten years, millionaires have paid 17 to 28 percent of total income tax returns per year.

The 233,435 taxpayers who reported earning seven digits or more in 2009 brought in a total of \$702.2 billion, received \$77.2 billion in personal exemptions and total deductions, and paid 25% (\$174.4 billion) of their income in taxes. Also, the top 1 percent of income earners pay 38 percent of income taxes and earn 20 percent of income, which is highly progressive.

The returns filed in 2009 reflect income from 2008, the depths of the recession and financial crisis. The data remarkably show that although millionaires were not exempt from economic hardship, a loss of 160,000 reported millionaires in 2008 and 2009 alone; millionaires still consistently paid an overall 20 percent share.

While the president chooses among varying degrees and criteria to determine the fair amount of taxes and who will constitute the nouveau riche, it seems that at the very least Mr. Buffett should be careful of what he wishes for. That he has the president’s ear may lead to more taxes on others and less fairness by important standards of economic freedom and unintended consequences.

Veronique de Rugy blogs “[Who wants to tax a millionaire?](#)” at NRO’s The Corner.

To contact Dr. de Rugy, call 202.550.9246 or email [rlandaue@gmu.edu](mailto:rlandaue@gmu.edu)