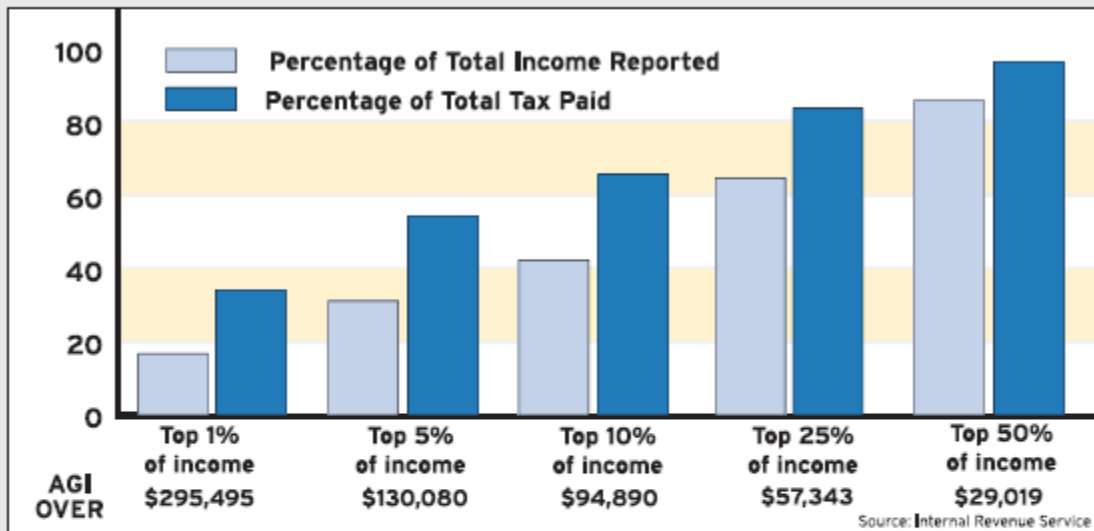


TAXES: WHO PAYS?



Need some incentive to fuel your year-end tax-saving efforts? This graph shows how the income tax burden is spread across income groups. For example, the top 1% of income earners—those with adjusted gross incomes of \$295,495 and higher in 2003, the latest year for which figures are available—earned about 17% of all income and paid 34% of all income taxes. The top half of all earners took in 86% of all AGI reported on tax returns and paid 97% of all the taxes. That means the bottom 50% of earners—with AGIs of \$29,019 or less—reported 14% of all income and paid 3% of the income taxes collected by the IRS. Many in that group, in fact, had a negative income tax rate. That's because of the earned income credit, which refunds Social Security taxes paid by low-income workers.