

12-May-03

Table T03-0093
Administration's Dividend Exclusion Proposal:
Distribution of Individual Income Tax Change by AGI Class, 2004¹

AGI Class (thousands of 2002 dollars) ²	Tax Units ³			Percent Change in After-Tax Income ⁴	Percent of Total Income Tax Change	Average Tax Change (\$)	Average Income Tax Rate ⁵	
	Number (thousands)	Percent of Total	Percent with Tax Cut				Current Law	Proposal
Less than 10	33,461	23.7	0.5	*	*	**	-9.9	-9.9
10-20	23,246	16.5	7.4	0.1	1.1	-11	-4.0	-4.1
20-30	18,563	13.2	13.8	0.1	2.3	-29	3.6	3.5
30-40	13,624	9.7	17.1	0.1	2.3	-38	7.0	6.9
40-50	10,550	7.5	22.9	0.2	3.7	-80	8.7	8.6
50-75	18,217	12.9	29.6	0.2	8.4	-106	10.0	9.8
75-100	9,955	7.1	39.3	0.3	8.6	-199	12.2	12.0
100-200	9,614	6.8	57.2	0.4	20.1	-482	15.9	15.5
200-500	2,299	1.6	75.6	0.8	18.5	-1,854	22.8	22.2
500-1,000	384	0.3	83.5	1.0	8.9	-5,309	27.5	26.7
More than 1,000	200	0.1	85.9	1.4	26.0	-29,870	28.7	27.7
All	141,030	100.0	18.6	0.4	100.0	-163	13.4	13.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0503-1).

(1) Calendar year. Baseline is current law. Estimates for the dividend exclusion proposal assume that the details of the proposal effectively limit tax-sheltering activity. That assumption may turn out to be over-optimistic and the long-run revenue cost could turn out to be much greater.

(2) Tax units with negative AGI are excluded from the lowest income class but are included in the totals.

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is AGI less individual income tax net of refundable credits.

(5) Average income tax, net of refundable credits, as a percentage of average AGI.