

Table T04-0081
H.R. 4359, Extension and Expansion of Child Tax Credit:
Distribution of Tax Change by Cash Income Percentiles, 2004¹

Cash Income Class ²	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income ³	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate ⁴	
					Current Law	Proposal
Lowest Quintile	1.8	*	0.5	-1	3.3	3.3
Second Quintile	16.2	0.2	17.3	-37	7.5	7.3
Middle Quintile	4.8	0.1	10.2	-22	13.9	13.9
Fourth Quintile	0.5	*	1.0	-2	18.2	18.2
Top Quintile	14.5	0.1	70.9	-153	23.9	23.8
All	7.6	0.1	100.0	-43	20.1	20.0
Addendum						
Top 10 Percent	27.4	0.2	68.8	-298	25.2	25.1
Top 5 Percent	29.3	0.2	49.9	-432	26.3	26.2
Top 1 Percent	2.9	*	0.9	-40	28.3	28.3
Top 0.5 Percent	1.3	*	0.2	-15	28.9	28.9
Top 0.1 Percent	0.5	*	*	-5	30.5	30.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-2).

* Less than 0.05 percent. ** Less than \$1 in absolute value.

(1) Calendar year. Baseline is current law. Provisions include: increase refundability rate for additional child tax credit to 15-percent; increase phaseout threshold for child credit to \$125,000 (\$250,000 for married couples filing a joint return).

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(4) Average federal tax (individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax) as a percentage of average cash income.