

Table T04-0149
Conference Agreement on H.R. 1308, The Working Families Tax Relief Act of 2004:
Distribution of Individual Income Tax Change by Cash Income Percentiles, 2005¹

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	0.4	0.0	0.0	-1	3.5	3.5
Second Quintile	40.7	0.3	3.0	-51	7.8	7.6
Middle Quintile	77.7	0.5	9.0	-155	14.7	14.3
Fourth Quintile	95.3	0.6	18.3	-314	19.2	18.7
Top Quintile	97.2	0.9	69.6	-1,195	25.3	24.6
All	62.3	0.7	100.0	-343	21.3	20.7
Addendum						
Top 10 Percent	96.2	0.8	44.7	-1,534	26.6	26.0
Top 5 Percent	93.9	0.6	26.0	-1,785	27.7	27.2
Top 1 Percent	77.2	0.1	2.9	-983	29.5	29.4
Top 0.5 Percent	76.4	0.1	1.0	-679	30.2	30.1
Top 0.1 Percent	80.0	0.0	0.2	-570	31.8	31.8

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

(1) Calendar year. Baseline is current law. Provisions include: increasing the standard deduction and the width of the 15 percent bracket for married couples filing a joint return to twice that of singles; increasing AMT exemption to \$58,000 for married couples filing a joint return (\$29,000 for married individuals filing a separate return) and \$40,250 for others; increasing the width of the 10 percent bracket to \$14,000 for married couples filing a joint return (\$7,000 for singles), indexed for inflation after 2003; increasing the child credit to \$1,000; allowance of personal non-refundable credits against regular tax and AMT liability regardless of tentative AMT. For the distribution including corporate tax changes, see Table T04-0154.

(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.