

**Table T05-0272**  
**Effect of the Child Tax Credit:**  
**Distribution of Federal Tax Benefits by Cash Income Percentile, 2005 <sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Benefit	Average Federal Tax Benefit		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Benefit	With No Tax Benefit			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	1.6	98.4	*	0.2	3	1.3	0.0	0.4	*	3.2
Second Quintile	21.8	78.2	1.1	11.9	188	12.1	-0.2	2.2	-1.0	7.1
Middle Quintile	27.5	72.5	1.5	26.8	425	8.1	-0.5	7.7	-1.2	14.1
Fourth Quintile	31.2	68.8	1.1	33.6	532	4.7	-0.4	17.4	-0.9	18.3
Top Quintile	27.1	72.9	0.3	27.4	435	1.0	1.1	72.1	-0.2	24.6
All	21.9	78.2	0.7	100.0	317	2.5	0.0	100.0	-0.5	20.7
<b>Addendum</b>										
Top 10 Percent	18.4	81.7	0.1	7.8	247	0.4	1.2	56.6	-0.1	26.1
Top 5 Percent	4.6	95.4	*	0.7	43	*	1.1	44.6	*	27.3
Top 1 Percent	0.9	99.1	0.0	*	12	0.0	0.7	26.6	0.0	29.6
Top 0.5 Percent	0.5	99.5	0.0	*	8	0.0	0.5	21.6	0.0	30.4
Top 0.1 Percent	0.1	99.9	0.0	0.0	2	0.0	0.3	13.1	0.0	31.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2005 <sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>3</sup> (Dollars)	Average Federal Tax Rate <sup>4</sup>	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	28,340	19.6	7,487	244	7,243	3.3	2.4	3.0	0.4
Second Quintile	28,910	20.0	19,134	1,553	17,582	8.1	6.3	7.4	2.4
Middle Quintile	28,916	20.0	34,409	5,268	29,141	15.3	11.4	12.2	8.2
Fourth Quintile	28,916	20.0	59,726	11,446	48,280	19.2	19.7	20.2	17.8
Top Quintile	28,914	20.0	183,278	45,551	137,726	24.9	60.5	57.7	71.0
All	144,573	100.0	60,566	12,836	47,730	21.2	100.0	100.0	100.0
<b>Addendum</b>									
Top 10 Percent	14,457	10.0	271,934	71,154	200,780	26.2	44.9	42.1	55.4
Top 5 Percent	7,228	5.0	408,681	111,621	297,059	27.3	33.7	31.1	43.5
Top 1 Percent	1,446	1.0	1,126,790	333,490	793,300	29.6	18.6	16.6	26.0
Top 0.5 Percent	723	0.5	1,774,411	539,447	1,234,963	30.4	14.7	12.9	21.0
Top 0.1 Percent	145	0.1	5,136,564	1,636,697	3,499,867	31.9	8.5	7.3	12.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

\* Less than 0.05 percent.

(1) Calendar Year. Provision include: allowing the Child Tax Credit. Baseline is current law without the Child Tax Credit.

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

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

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.