

2-May-03

Table T03-0043
Administration's Dividend Exclusion Proposal:
Distribution of Individual Income Tax Change by AGI Class, 2003¹

AGI Class (thousands of 2002 dollars) ²	Returns 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	32,978	23.7	0.5	*	*	**	-9.7	-9.7
10-20	23,022	16.6	7.5	0.1	1.2	-10	-3.9	-4.0
20-30	18,524	13.3	13.6	0.1	2.5	-27	3.5	3.4
30-40	13,431	9.7	16.9	0.1	2.5	-37	6.9	6.8
40-50	10,627	7.6	22.5	0.2	3.8	-73	8.6	8.5
50-75	18,039	13.0	29.0	0.2	8.7	-99	9.9	9.8
75-100	9,518	6.8	39.5	0.3	9.2	-197	12.4	12.1
100-200	9,196	6.6	56.9	0.4	20.6	-456	16.1	15.7
200-500	2,174	1.6	75.1	0.8	18.5	-1,736	23.2	22.6
500-1,000	359	0.3	83.2	1.0	8.9	-5,060	28.1	27.4
More than 1,000	184	0.1	84.9	1.3	24.2	-26,798	29.2	28.3
All	138,959	100.0	18.3	0.4	100.0	-147	13.3	13.0

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

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

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

(3) Includes both filing and non-filing units. Returns of individuals who 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.