

Table T04-0056

Non-"Middle-Class Provisions" in EGTRRA, JCWA, and JGTRRA:

Distribution of Individual Income, Corporate, and Estate Tax Change by Cash Income Percentiles, 2004¹

Cash Income Class ²	Percent of Tax Units with Income Tax Cut	Percent Change in After-Tax Income ³	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate ⁴	
					Pre-EGTRRA	Proposal
Lowest Quintile	17.6	0.2	0.3	-12	3.7	3.3
Second Quintile	33.9	0.3	1.3	-51	9.1	7.5
Middle Quintile	50.8	0.3	2.5	-100	15.9	13.9
Fourth Quintile	78.4	0.7	7.8	-312	20.2	18.2
Top Quintile	95.9	2.8	87.9	-3,497	26.8	23.8
All	55.4	1.8	100.0	-795	22.6	20.0
Addendum						
Top 10 Percent	99.5	3.4	77.2	-6,138	28.2	25.1
Top 5 Percent	99.8	4.0	64.8	-10,307	29.4	26.2
Top 1 Percent	99.9	5.1	42.3	-33,672	31.7	28.1
Top 0.5 Percent	100.0	5.7	36.0	-57,287	32.6	28.7
Top 0.1 Percent	100.0	6.7	23.4	-185,932	34.6	30.2

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

(1) Calendar year. Baseline is pre-EGTRRA law. Includes provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) affecting the following: marginal tax rates; the child and dependent care credit; the AMT; tax rates on long-term capital gains and dividends; pension and IRA provisions; and estate tax exemption, rates, and state death tax credit.

(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.