

Table T04-0058
EGTRRA, JGTRRA, and Administration's FY 2005 Budget Proposal:
Distribution of Individual Income 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	13.6	0.3	0.2	-19	3.7	3.4
Second Quintile	66.5	1.9	4.4	-330	9.1	7.4
Middle Quintile	83.8	2.3	8.6	-652	15.9	13.9
Fourth Quintile	97.3	2.5	14.9	-1,132	20.2	18.3
Top Quintile	99.2	4.4	71.7	-5,432	26.8	23.6
All	72.1	3.4	100.0	-1,516	22.6	19.9
Addendum						
Top 10 Percent	99.2	4.7	55.7	-8,449	28.2	24.8
Top 5 Percent	99.2	5.1	43.6	-13,207	29.4	25.8
Top 1 Percent	98.6	6.1	26.4	-40,002	31.7	27.5
Top 0.5 Percent	98.6	6.7	22.1	-66,958	32.6	28.1
Top 0.1 Percent	98.4	7.4	13.5	-204,315	34.6	29.8

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

(1) Calendar year. 2010 law applied to 2004 income levels. 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 10-percent bracket; the child tax credit; the child and dependent care credit; the AMT; the standard deduction, 15-percent bracket, and EITC for married couples; tax rates on long-term capital gains and dividends; pension and IRA provisions; and estate tax exemption, rates, and state death tax credit. Excludes education provisions.

(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.