Table T05-0007

Reduction in Rates for Long-Term Capital Gains and Qualifying Dividends:

Distribution of Tax Change by Cash Income Class, Non-Elderly Tax Units, 2005[1]

Cash Income Class (thousands of 2003 dollars)[2]	Non-Elderly Tax Units[3]			Percent Change in After-Tax Income[4]	Tax Change ($ millions)[5]	Percent of Total Tax Change[6]	Average Tax Change ($)	Average Federal Tax Rate[7]	
	Number (thousands)	Percent of Total	Percent with Tax Cut					Baseline	Proposal
Less than 10	16,496	14.2	0.2	*	-0.2	*	**	3.5	3.5
10-20	19,016	16.4	2.0	*	-17.7	0.1	-1	5.9	5.9
20-30	15,727	13.6	4.9	*	-60.6	0.3	-4	12.4	12.4
30-40	12,343	10.7	9.2	*	-108.2	0.5	-9	17.2	17.2
40-50	9,357	8.1	12.3	*	-111.2	0.5	-12	18.7	18.7
50-75	16,429	14.2	18.3	*	-390.4	1.8	-24	20.2	20.1
75-100	9,889	8.5	24.6	0.1	-438.0	2.0	-44	21.2	21.1
100-200	12,251	10.6	43.7	0.1	-1,757.5	8.0	-143	22.9	22.8
200-500	3,016	2.6	65.6	0.3	-2,278.6	10.4	-756	25.7	25.4
500-1,000	491	0.4	75.4	0.6	-1,538.4	7.0	-3,131	27.6	27.1
More than 1,000	229	0.2	82.0	1.7	-7,873.7	35.8	-34,406	32.3	31.2
All	115,790	100.0	14.5	0.3	-14,575.9	66.2	-126	21.8	21.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-5).
* Less than 0.05 percent. ** Less than $1 in absolute value.
(1) Calendar year. Provisions include: reduce the tax rate on qualifying dividends and long-term capital gains to 15 percent (the rate for individuals in the 10- and 15-percent brackets is 5 percent). Baseline is current law without these rate reductions for dividends and capital gains that were enacted by JGTRRA. Under Pre-JGTRRA law, dividends were taxed at the same rates as ordinary income; long-term gains were generally subject to a 20-percent rate (10 percent for those in the 10- and 15-percent brackets). Non-Elderly tax units refer to those in which neither the primary nor secondary taxpayer (if applicable) is 65 years of age or older.
(2) Tax units with negative cash income are excluded from the lowest income class 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) Static tax change that does not include behavioral effects.
(6) Total tax change is for both elderly and non-elderly tax units.

(7) 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.