

February 16, 2005

Table T05-0054
Effect of the 2001-2004 Tax Cuts With Lump Sum Financing¹
Distribution of Federal Tax Change by Cash Income Class, 2004

Cash Income Class (thousands of 2003 dollars) ²	Tax Units ³				Percent Change in After-Tax Income ⁴	Average Tax Change (\$)	Average Federal Tax Rate ⁵			Change in Federal Tax Payments (percent)	Average Income Tax Rate			Change in Income Tax Payments (percent)
	Number (thousands)	Percent of Total	Percent with Tax Increase	Percent with Tax Cut			Pre-EGTRRA	Current Law	Change		Pre-EGTRRA	Current Law	Change	
Less than 10	20,428	14.2	99.9	0.1	-29.3	1,633	3.7	31.9	28.2	762.7	-5.8	22.7	28.5	-487.9
10-20	26,467	18.4	99.8	0.2	-10.0	1,416	6.7	16.1	9.3	138.6	-3.0	6.6	9.6	-315.8
20-30	20,379	14.2	95.5	4.5	-4.8	1,065	12.9	17.1	4.2	32.6	2.1	6.6	4.5	214.0
30-40	15,377	10.7	90.3	9.7	-3.1	914	16.7	19.3	2.6	15.5	5.4	8.3	2.9	53.4
40-50	11,446	8.0	84.3	15.7	-1.8	662	18.8	20.3	1.5	7.7	7.0	8.8	1.8	25.9
50-75	20,054	14.0	72.6	27.4	-0.5	254	20.8	21.2	0.4	2.0	8.7	9.5	0.8	9.3
75-100	11,395	7.9	27.2	72.8	1.2	-782	22.8	22.0	-0.9	-3.9	10.3	10.0	-0.4	-3.5
100-200	13,281	9.3	4.2	95.8	2.5	-2,498	25.2	23.4	-1.8	-7.3	13.2	12.0	-1.2	-9.1
200-500	3,339	2.3	2.9	97.1	3.5	-7,413	27.9	25.3	-2.5	-9.0	17.9	16.4	-1.5	-8.5
500-1,000	527	0.4	2.4	97.6	5.1	-24,576	30.1	26.6	-3.6	-11.8	20.9	18.7	-2.2	-10.7
More than 1,000	257	0.2	0.5	99.5	8.1	-155,131	34.6	29.3	-5.3	-15.3	23.4	20.1	-3.3	-14.1
All	143,509	100.0	75.7	24.3	0.0	0	22.8	22.8	0.0	0.0	11.4	12.1	0.7	6.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

- (1) Baseline is pre-EGTRRA law. Tax cuts include EGTRRA, JCWA, JGTRRA, and WFTRA. Lump sum financing equals about \$1654 per tax unit.
- (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) 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.