

**Table T05-0063**  
**Effect of the 2001-2004 Tax Cuts With Lump-Sum Financing<sup>1</sup>**  
**Distribution of Federal Tax Change by Cash Income Percentiles, 2005**

Cash Income Class <sup>2</sup>	Percent with Tax Increase	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income <sup>3</sup>	Average Tax Change (\$)	Average Federal Tax Rate <sup>4</sup>			Change in Federal Tax Payments (percent)	Average Income Tax Rate			Change in Income Tax Payments (percent)
					Pre-EGTRRA	Current Law	Change		Pre-EGTRRA	Current Law	Change	
<b>Lowest Quintile</b>	99.9	0.1	-18.8	1,380	3.7	21.8	18.1	483.5	-5.6	12.5	18.1	-322.0
<b>Second Quintile</b>	97.1	2.9	-6.0	1,044	9.4	14.8	5.4	57.4	-0.9	4.5	5.4	-578.1
<b>Middle Quintile</b>	87.1	12.9	-2.6	743	16.2	18.3	2.2	13.4	5.0	7.2	2.2	44.3
<b>Fourth Quintile</b>	72.1	27.9	-0.5	254	20.6	21.0	0.4	2.1	8.6	9.1	0.5	5.9
<b>Top Quintile</b>	9.7	90.3	2.6	-3,419	27.3	25.4	-1.9	-7.0	16.0	14.3	-1.7	-10.7
<b>All</b>	73.2	26.8	0.0	0	23.0	23.0	0.0	0.0	11.7	11.8	0.1	1.2
<b>Addendum</b>												
<b>Top 10 Percent</b>	3.6	96.4	3.1	-5,769	28.7	26.5	-2.2	-7.7	17.9	15.9	-2.0	-11.2
<b>Top 5 Percent</b>	3.1	96.9	3.4	-9,311	29.9	27.5	-2.4	-8.0	19.6	17.4	-2.2	-11.3
<b>Top 1 Percent</b>	4.3	95.7	4.3	-30,272	32.4	29.5	-2.9	-9.0	22.3	19.5	-2.8	-12.5
<b>Top 0.5 Percent</b>	2.9	97.1	4.8	-51,181	33.4	30.2	-3.2	-9.5	23.0	19.9	-3.1	-13.4
<b>Top 0.1 Percent</b>	1.0	99.0	5.5	-161,849	35.4	31.8	-3.5	-10.0	24.0	20.5	-3.5	-14.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-3).

(1) Baseline is pre-EGTRRA law. Tax cuts include EGTRRA, JCWA, JGTRRA, and WFTRA. Lump sum financing equals about \$1402 per tax unit.

(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.