

Table T05-0064
Effect of the 2001-2004 Tax Cuts With Proportional Financing¹
Distribution of Federal Tax Change by Cash Income Percentiles, 2005

Cash Income Class ²	Percent with Tax Increase	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income ³	Average Tax Change (\$)	Average Federal Tax Rate ⁴			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	
Lowest Quintile	99.0	1.0	-2.1	156	3.7	5.8	2.0	54.6	-5.6	-3.6	2.1	-36.7
Second Quintile	75.3	24.7	-0.5	93	9.4	9.9	0.5	5.1	-0.9	-0.4	0.5	-53.0
Middle Quintile	69.3	30.7	-0.5	142	16.2	16.6	0.4	2.6	5.0	5.4	0.5	9.1
Fourth Quintile	74.9	25.1	-0.5	254	20.6	21.0	0.4	2.1	8.6	9.1	0.5	5.9
Top Quintile	43.3	56.7	0.5	-639	27.3	26.9	-0.4	-1.3	16.0	15.9	-0.2	-1.0
All	72.2	27.8	0.0	0	23.0	23.0	0.0	0.0	11.7	11.8	0.1	1.2
Addendum												
Top 10 Percent	41.3	58.7	0.6	-1,041	28.7	28.3	-0.4	-1.4	17.9	17.7	-0.2	-1.2
Top 5 Percent	46.6	53.4	0.6	-1,629	29.9	29.5	-0.4	-1.4	19.6	19.3	-0.2	-1.3
Top 1 Percent	39.5	60.5	1.1	-7,491	32.4	31.7	-0.7	-2.2	22.3	21.7	-0.6	-2.6
Top 0.5 Percent	28.7	71.3	1.4	-15,029	33.4	32.4	-0.9	-2.8	23.0	22.1	-0.8	-3.6
Top 0.1 Percent	17.1	82.9	1.9	-56,630	35.4	34.1	-1.2	-3.5	24.0	22.8	-1.2	-4.9

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. Financing is proportional to cash income and amounts to about 2.3% of cash income.

(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.