

Table T05-0103
Option #2: 15% refundability above \$10,000 and no indexing
Distribution of Federal Tax Benefits by Cash Income Percentile, 2005¹

| Cash Income Percentile ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁵ | |
|-------------------------------------|-----------------------------------|-------------------|-------------------------------------------------|-----------------------------------|----------------------------|---------|------------------------|--------------------|---------------------------------------|--------------------|
| | With Tax Cut | With Tax Increase | | | Dollars | Percent | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Lowest Quintile | 3.0 | 0.0 | 0.1 | 11.2 | -3 | -1.4 | 0.0 | 0.4 | -0.1 | 3.2 |
| Second Quintile | 14.8 | 0.0 | 0.1 | 71.0 | -21 | -1.5 | 0.0 | 2.2 | -0.1 | 7.1 |
| Middle Quintile | 3.5 | 0.0 | 0.0 | 16.5 | -5 | -0.1 | 0.0 | 7.8 | 0.0 | 14.2 |
| Fourth Quintile | 0.2 | 0.0 | 0.0 | 1.1 | 0 | 0.0 | 0.0 | 17.5 | 0.0 | 18.4 |
| Top Quintile | 0.0 | 0.0 | 0.0 | 0.1 | 0 | 0.0 | 0.0 | 72.1 | 0.0 | 24.7 |
| All | 4.3 | 0.0 | 0.0 | 100.0 | -6 | -0.1 | 0.0 | 100.0 | 0.0 | 20.8 |
| Addendum | | | | | | | | | | |
| Top 10 Percent | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 56.6 | 0.0 | 26.2 |
| Top 5 Percent | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 44.6 | 0.0 | 27.4 |
| Top 1 Percent | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 26.6 | 0.0 | 29.7 |
| Top 0.5 Percent | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.5 | 0.0 | 30.5 |
| Top 0.1 Percent | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 13.1 | 0.0 | 31.9 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2005¹

| Cash Income Percentile ² | Tax Units ³ | | Average Income (Dollars) | Average Federal Tax Burden (Dollars) | Average After-Tax Income ⁴ (Dollars) | Average Federal Tax Rate ⁵ | Share of Pre-Tax Income | Share of Post-Tax | Share of Federal |
|-------------------------------------|------------------------|------------------|--------------------------|--------------------------------------|-------------------------------------------------|---------------------------------------|-------------------------|-------------------|------------------|
| | Number (thousands) | Percent of Total | | | | | Percent of Total | Percent of Total | |
| Lowest Quintile | 28,340 | 19.6 | 7,487 | 243 | 7,244 | 3.2 | 2.4 | 3.0 | 0.4 |
| Second Quintile | 28,910 | 20.0 | 19,134 | 1,378 | 17,757 | 7.2 | 6.3 | 7.4 | 2.2 |
| Middle Quintile | 28,916 | 20.0 | 34,409 | 4,882 | 29,527 | 14.2 | 11.4 | 12.3 | 7.8 |
| Fourth Quintile | 28,916 | 20.0 | 59,726 | 10,966 | 48,759 | 18.4 | 19.7 | 20.3 | 17.4 |
| Top Quintile | 28,914 | 20.0 | 183,278 | 45,288 | 137,990 | 24.7 | 60.5 | 57.5 | 72.0 |
| All | 144,573 | 100.0 | 60,566 | 12,575 | 47,991 | 20.8 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| Top 10 Percent | 14,457 | 10.0 | 271,934 | 71,172 | 200,762 | 26.2 | 44.9 | 41.8 | 56.6 |
| Top 5 Percent | 7,228 | 5.0 | 408,681 | 112,024 | 296,657 | 27.4 | 33.7 | 30.9 | 44.5 |
| Top 1 Percent | 1,446 | 1.0 | 1,126,790 | 334,722 | 792,068 | 29.7 | 18.6 | 16.5 | 26.6 |
| Top 0.5 Percent | 723 | 0.5 | 1,774,411 | 541,377 | 1,233,034 | 30.5 | 14.7 | 12.9 | 21.5 |
| Top 0.1 Percent | 145 | 0.1 | 5,136,564 | 1,640,798 | 3,495,766 | 31.9 | 8.5 | 7.3 | 13.1 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3a).

(1) Baseline is current law.

(2) Tax units with negative cash income are excluded from the lowest quintile 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 (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.