

**Table T05-0215. Option 4: Index CDCTC For Inflation and Make Fully Refundable**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2015<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	4.2	0.0	0.4	27.5	-44	-8.1	0.0	0.5	-0.4	4.3
Second Quintile	3.5	0.0	0.1	16.9	-27	-0.8	0.0	3.0	-0.1	11.2
Middle Quintile	4.1	0.0	0.0	9.4	-15	-0.2	0.0	8.2	0.0	17.6
Fourth Quintile	4.9	0.0	0.0	18.7	-30	-0.2	0.0	17.8	0.0	22.1
Top Quintile	6.9	0.0	0.0	27.4	-43	-0.1	0.1	70.4	0.0	28.4
All	4.7	0.0	0.1	100.0	-32	-0.2	0.0	100.0	0.0	24.3
<b>Addendum</b>										
Top 10 Percent	6.3	0.0	0.0	13.4	-42	0.0	0.1	54.3	0.0	29.5
Top 5 Percent	5.2	0.0	0.0	5.3	-33	0.0	0.1	41.8	0.0	30.4
Top 1 Percent	2.0	0.0	0.0	0.3	-8	0.0	0.0	23.9	0.0	31.9
Top 0.5 Percent	2.0	0.0	0.0	0.1	-7	0.0	0.0	19.2	0.0	32.6
Top 0.1 Percent	1.2	0.0	0.0	0.0	-6	0.0	0.0	11.5	0.0	34.1

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2015<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes	
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total	
Lowest Quintile	32,037	19.6	11,594	547	11,046	4.7	2.6	3.2	0.5	
Second Quintile	32,634	20.0	28,979	3,263	25,716	11.3	6.5	7.7	3.0	
Middle Quintile	32,634	20.0	50,115	8,822	41,293	17.6	11.3	12.3	8.2	
Fourth Quintile	32,628	20.0	86,642	19,200	67,442	22.2	19.6	20.1	17.8	
Top Quintile	32,633	20.0	267,246	75,855	191,391	28.4	60.3	57.1	70.3	
All	163,160	100.0	88,578	21,568	67,010	24.4	100.0	100.0	100.0	
<b>Addendum</b>										
Top 10 Percent	16,316	10.0	395,730	116,931	278,799	29.6	44.7	41.6	54.2	
Top 5 Percent	8,162	5.0	592,468	180,090	412,378	30.4	33.5	30.8	41.8	
Top 1 Percent	1,632	1.0	1,618,465	515,570	1,102,895	31.9	18.3	16.5	23.9	
Top 0.5 Percent	816	0.5	2,538,582	827,947	1,710,636	32.6	14.3	12.8	19.2	
Top 0.1 Percent	163	0.1	7,244,911	2,466,679	4,778,232	34.1	8.2	7.1	11.4	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-2).

(1) Calendar year. Baseline is current law. The maximum eligible expenses and the AGI level at which the credit rate begins to phase down would be indexed for inflation starting 01/01/06. The rounding factor for indexation would be the nearest multiple of \$10, the same as for the Earned Income Tax Credit. Proposal also includes allowing the CDCTC regardless of AMT liability and extending the EGTRRA provisions.

(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.