

Table T05-0218. Option 5: Index CDCTC For Inflation, Create Single Credit Rate of 35 Percent, and Make Fully Refundable
Distribution of Federal Tax Change by Cash Income Class, 2015¹

Cash Income Class (thousands of 2005 dollars) 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
Less than 10	3.6	0.0	0.5	6.2	-32	-10.1	0.0	0.1	-0.5	4.3
10-20	4.5	0.0	0.3	16.3	-54	-4.8	0.0	0.7	-0.3	5.7
20-30	3.6	0.0	0.1	7.2	-25	-0.7	0.0	2.4	-0.1	12.0
30-40	4.6	0.0	0.1	5.9	-27	-0.4	0.0	3.4	-0.1	15.8
40-50	5.4	0.0	0.1	6.4	-37	-0.4	0.0	4.1	-0.1	18.6
50-75	5.5	0.0	0.1	14.9	-51	-0.3	0.0	10.9	-0.1	21.3
75-100	6.9	0.0	0.1	13.2	-71	-0.3	0.0	10.8	-0.1	23.2
100-200	8.6	0.0	0.1	24.0	-92	-0.2	0.0	26.7	-0.1	26.2
200-500	6.3	0.0	0.0	5.4	-71	-0.1	0.0	17.8	0.0	28.8
500-1,000	3.8	0.0	0.0	0.3	-28	0.0	0.0	6.6	0.0	29.2
More than 1,000	2.6	0.0	0.0	0.2	-25	0.0	0.0	16.3	0.0	33.2
All	5.3	0.0	0.1	100.0	-50	-0.2	0.0	100.0	-0.1	24.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2015¹

Cash Income Class (thousands of 2005 dollars) 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 Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Less than 10	15,853	9.7	6,645	317	6,328	4.8	0.7	0.9	0.1
10-20	24,587	15.1	18,558	1,112	17,446	6.0	3.2	3.9	0.8
20-30	22,795	14.0	30,772	3,713	27,059	12.1	4.9	5.6	2.4
30-40	17,610	10.8	43,040	6,817	36,223	15.8	5.2	5.8	3.4
40-50	13,922	8.5	55,387	10,328	45,059	18.7	5.3	5.7	4.1
50-75	23,689	14.5	76,043	16,236	59,807	21.4	12.5	13.0	10.9
75-100	15,212	9.3	107,254	25,000	82,255	23.3	11.3	11.5	10.8
100-200	21,328	13.1	168,033	44,051	123,981	26.2	24.8	24.2	26.7
200-500	6,135	3.8	353,439	101,710	251,728	28.8	15.0	14.1	17.7
500-1,000	948	0.6	839,707	245,425	594,282	29.2	5.5	5.2	6.6
More than 1,000	486	0.3	3,555,482	1,181,080	2,374,402	33.2	12.0	10.6	16.3
All	163,160	100.0	88,578	21,580	66,998	24.4	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current law. The maximum eligible expenses 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. Under current law, the credit rate phases down from 35 percent to a minimum of 20 percent based on the taxpayer's AGI. This proposal would eliminate the phasedown and establish a single rate of 35 percent of eligible expenses, effective 01/01/05. 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 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 (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.