

Table T05-0271
Effect of the Child Tax Credit:
Distribution of Federal Tax Benefits by Cash Income Class, 2005 ¹

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 Benefit	Average Federal Tax Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Benefit	With No Tax Benefit			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	0.2	99.9	*	0.1	1	0.7	0.0	0.2	*	3.6
10-20	14.4	85.6	0.6	4.5	80	10.2	-0.1	1.0	-0.5	4.7
20-30	26.2	73.8	1.5	14.4	330	11.8	-0.3	2.7	-1.3	10.0
30-40	27.7	72.3	1.5	14.6	437	8.1	-0.3	4.2	-1.3	14.3
40-50	27.4	72.6	1.2	11.7	457	5.8	-0.2	4.8	-1.0	16.6
50-75	31.8	68.2	1.1	24.6	543	4.6	-0.3	12.9	-0.9	18.4
75-100	35.0	65.0	0.9	15.8	605	3.4	-0.1	11.3	-0.7	19.9
100-200	29.9	70.2	0.4	14.2	450	1.5	0.2	23.7	-0.3	22.3
200-500	1.9	98.1	*	0.2	24	*	0.4	15.3	*	25.4
500-1,000	0.7	99.3	0.0	*	11	*	0.2	6.6	0.0	27.2
More than 1,000	0.4	99.6	0.0	0.0	5	0.0	0.4	17.0	0.0	31.2
All	21.9	78.2	0.7	100.0	317	2.5	0.0	100.0	-0.5	20.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2005 ¹

Cash Income Class (thousands of 2005 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ³ (Dollars)	Average Federal Tax Rate ⁴	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	19,560	13.5	5,618	201	5,416	3.6	1.3	1.5	0.2
10-20	25,611	17.7	14,885	779	14,105	5.2	4.4	5.2	1.1
20-30	19,953	13.8	24,715	2,796	21,919	11.3	5.6	6.3	3.0
30-40	15,289	10.6	34,863	5,422	29,442	15.6	6.1	6.5	4.5
40-50	11,738	8.1	44,824	7,911	36,912	17.7	6.0	6.3	5.0
50-75	20,700	14.3	61,482	11,829	49,653	19.2	14.5	14.9	13.2
75-100	11,936	8.3	86,246	17,796	68,450	20.6	11.8	11.8	11.5
100-200	14,432	10.0	133,489	30,172	103,316	22.6	22.0	21.6	23.5
200-500	3,797	2.6	287,471	72,934	214,537	25.4	12.5	11.8	14.9
500-1,000	642	0.4	678,426	184,653	493,772	27.2	5.0	4.6	6.4
More than 1,000	335	0.2	2,943,745	919,717	2,024,027	31.2	11.3	9.8	16.6
All	144,573	100.0	60,566	12,836	47,730	21.2	100.0	100.0	100.0

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

* Less than 0.05 percent.

(1) Calendar Year. Provision include: allowing the Child Tax Credit. Baseline is current law without the Child Tax Credit.

(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.