

Table T05-0292
Extend Reduction in Rates for Long-Term Capital Gains and Qualifying Dividends
Distribution of Federal Tax Change by Cash Income Percentile, 2009 ¹

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	0.8	0.0	0.0	0.0	0	-0.1	0.0	0.5	0.0	3.8
Second Quintile	5.6	0.1	0.0	1.0	-9	-0.5	0.0	2.5	0.0	8.4
Middle Quintile	10.9	0.1	0.1	2.4	-21	-0.3	0.1	8.0	-0.1	15.1
Fourth Quintile	23.4	0.0	0.1	7.2	-64	-0.5	0.1	17.8	-0.1	19.3
Top Quintile	44.5	0.0	0.5	89.4	-798	-1.5	-0.2	71.0	-0.4	25.6
All	17.0	0.1	0.3	100.0	-179	-1.2	0.0	100.0	-0.3	21.6
Addendum										
Top 10 Percent	56.4	0.0	0.6	81.8	-1,462	-1.7	-0.3	55.1	-0.5	26.9
Top 5 Percent	65.6	0.0	0.8	74.5	-2,661	-2.0	-0.4	42.6	-0.6	27.8
Top 1 Percent	75.4	0.0	1.2	57.7	-10,314	-2.7	-0.4	24.2	-0.8	29.2
Top 0.5 Percent	78.8	0.0	1.3	51.2	-18,314	-3.0	-0.4	19.4	-0.9	29.9
Top 0.1 Percent	85.0	0.0	1.8	37.8	-67,529	-3.7	-0.3	11.6	-1.2	31.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2009 ¹

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 Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Lowest Quintile	29,845	19.6	9,155	350	8,805	3.8	2.6	3.1	0.5
Second Quintile	30,434	20.0	23,018	1,944	21,074	8.5	6.5	7.7	2.5
Middle Quintile	30,426	20.0	40,517	6,130	34,387	15.1	11.5	12.5	8.0
Fourth Quintile	30,430	20.0	69,951	13,588	56,362	19.4	19.8	20.5	17.6
Top Quintile	30,429	20.0	211,489	54,902	156,587	26.0	60.0	56.8	71.3
All	152,149	100.0	70,541	15,410	55,130	21.9	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,215	10.0	312,139	85,390	226,749	27.4	44.3	41.1	55.4
Top 5 Percent	7,607	5.0	466,225	132,344	333,880	28.4	33.1	30.3	42.9
Top 1 Percent	1,522	1.0	1,265,308	379,291	886,017	30.0	17.9	16.1	24.6
Top 0.5 Percent	761	0.5	1,977,937	609,618	1,368,319	30.8	14.0	12.4	19.8
Top 0.1 Percent	152	0.1	5,601,939	1,831,992	3,769,947	32.7	7.9	6.8	11.9

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

(1) Calendar year. Baseline is current law. Provisions include: reduce the tax rate on qualifying dividends and long-term capital gains to 15 percent (the rate for individuals in the 10- and 15-percent brackets would be 0 percent). Under current law for 2009, dividends are taxed at the same rates as ordinary income; long-term gains are generally subject to a 20-percent rate (10 percent for those in the 10- and 15-percent brackets).

(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.