

Revised Estimates: January 30, 2003

Table T03-0061
\$1,000 Dividend Exemption:
Distribution of Income Tax Change by Percentiles, 2003¹

AGI Class ²	Percent Change in After-Tax Income ³	Percent of Total Income Tax Change	Average Tax Change (\$)	Average Income Tax Rate ⁴	
				Current Law	Proposal
Lowest Quintile	*	0.8	-1	-6.7	-6.8
Second Quintile	*	3.8	-4	-2.4	-2.4
Middle Quintile	*	8.4	-9	5.5	5.5
Fourth Quintile	*	21.1	-23	9.6	9.5
Next 10 Percent	0.1	18.8	-42	12.0	11.9
Next 5 Percent	0.1	14.8	-66	14.8	14.7
Next 4 Percent	0.1	22.6	-125	19.2	19.2
Top 1 Percent	*	9.7	-214	27.8	27.8
All	*	100.0	-22	13.9	13.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

* Less than 0.05 percent.

(1) Calendar year. Would not apply to income that, under current law, is reported as dividends on tax returns but represents distributions of interest income from mutual funds. The \$1,000 exemption would apply for all filing statuses.

(2) Returns with negative AGI are excluded from the lowest quintile but are included in the totals. The income thresholds are (in 2001\$): second quintile, \$9,965; middle quintile, \$21,350; fourth quintile, \$37,835; next 10 percent, \$68,330; next 5 percent, \$98,054; next 4 percent, \$133,859; and top 1 percent, \$316,895.

(3) After-tax income is AGI, plus any untaxed portion of dividends, less individual income tax net of refundable credits.

(4) Average income tax, net of refundable credits, as a percentage of average AGI plus any untaxed portion of dividends.