

Table T06-0280
Combined Effect of the 2001-2006 Tax Cuts
Distribution of Federal Tax Change by Cash Income Percentile, 2007¹

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	12.6	0.3	0.3	0.3	-22	-7.5	0.0	0.4	-0.3	3.4
Second Quintile	65.2	0.3	1.9	5.2	-360	-19.4	-0.3	2.1	-1.8	7.3
Middle Quintile	87.3	0.1	2.4	10.7	-746	-12.3	-0.3	7.4	-2.0	14.4
Fourth Quintile	97.3	0.1	2.3	17.1	-1,192	-8.9	0.0	17.0	-1.8	18.8
Top Quintile	96.0	0.1	3.2	66.7	-4,656	-8.1	0.6	73.0	-2.3	25.9
All	71.7	0.2	2.8	100.0	-1,396	-8.8	0.0	100.0	-2.1	21.7
Addendum										
Top 10 Percent	94.8	0.1	3.4	51.9	-7,247	-8.0	0.5	57.6	-2.4	27.4
Top 5 Percent	94.0	0.1	3.8	42.5	-11,863	-8.3	0.3	45.4	-2.6	28.5
Top 1 Percent	98.7	0.0	5.3	32.0	-44,622	-10.3	-0.4	27.1	-3.5	30.4
Top 0.5 Percent	99.1	0.0	5.7	27.2	-75,881	-10.7	-0.5	22.1	-3.7	31.2
Top 0.1 Percent	99.5	0.1	6.2	16.8	-234,972	-10.7	-0.3	13.7	-3.9	32.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2007¹

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 Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	29,273.0	19.6	8,074.0	300.0	7,774	3.7	2.4	3.0	0.4
Second Quintile	29,866.0	20.0	20,521.0	1,852.0	18,669	9.0	6.2	7.4	2.3
Middle Quintile	29,865.0	20.0	37,071.0	6,085.0	30,986	16.4	11.2	12.2	7.7
Fourth Quintile	29,866.0	20.0	64,859.0	13,406.0	51,454	20.7	19.5	20.3	17.0
Top Quintile	29,866.0	20.0	203,046.0	57,229.0	145,817	28.2	61.1	57.6	72.4
All	149,332.0	100.0	66,439.0	15,801.0	50,638	23.8	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,933.0	10.0	302,839.0	90,161.0	212,678	29.8	45.6	42.0	57.1
Top 5 Percent	7,465.0	5.0	458,039.0	142,571.0	315,468	31.1	34.5	31.1	45.1
Top 1 Percent	1,493.0	1.0	1,284,199.0	435,225.0	848,973	33.9	19.3	16.8	27.5
Top 0.5 Percent	747.0	0.5	2,037,114.0	711,878.0	1,325,236	35.0	15.3	13.1	22.5
Top 0.1 Percent	149.0	0.1	6,011,426.0	2,206,529.0	3,804,897	36.7	9.1	7.5	14.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

(1) Calendar year. Baseline is pre-EGTRRA law. Tax cuts include individual income and estate tax provisions in EGTRRA, JCWA, JGTRRA, WFTRA, AJCA, TIPRA, and PPA.

(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.