

Table T07-0091
Combined Effect of 2001-06 Tax Cuts with Financing Proportional to Income Tax Liability
Distribution of Federal Tax Change by Cash Income Class, 2006¹

Cash Income Class (thousands of 2006 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	2.3	25.4	-1.2	n/a	64	28.1	0.1	0.3	1.1	5.2
10-20	34.2	21.8	-0.4	n/a	52	6.2	0.1	1.0	0.4	6.0
20-30	58.7	20.1	0.9	n/a	-195	-6.6	-0.2	2.5	-0.8	11.2
30-40	49.2	38.0	1.0	n/a	-301	-5.4	-0.2	3.6	-0.9	15.3
40-50	48.7	45.0	0.7	n/a	-265	-3.2	-0.1	4.3	-0.6	18.0
50-75	49.4	48.5	0.5	n/a	-220	-1.8	-0.2	11.6	-0.4	20.1
75-100	57.2	41.9	0.5	n/a	-357	-1.9	-0.2	10.7	-0.4	21.9
100-200	50.7	48.8	0.4	n/a	-411	-1.2	-0.3	23.8	-0.3	25.0
200-500	21.7	77.8	-1.2	n/a	2,554	3.1	0.5	15.8	0.9	29.2
500-1,000	17.8	81.8	-1.7	n/a	8,144	3.9	0.3	7.0	1.2	32.1
More than 1,000	28.5	71.3	-1.1	n/a	21,278	1.9	0.4	19.4	0.7	36.9
All	41.5	36.0	0.0	n/a	0	0.0	0.0	100.0	0.0	23.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2006¹

Cash Income Class (thousands of 2006 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	19,138	13.0	5,634	227	5,406	4.0	1.1	1.4	0.2
10-20	25,619	17.4	14,909	836	14,073	5.6	4.1	5.0	1.0
20-30	19,881	13.5	24,735	2,959	21,777	12.0	5.2	6.0	2.6
30-40	15,077	10.2	34,840	5,627	29,213	16.2	5.6	6.1	3.8
40-50	11,930	8.1	44,708	8,288	36,420	18.5	5.7	6.1	4.4
50-75	21,009	14.3	61,462	12,581	48,881	20.5	13.7	14.3	11.8
75-100	12,719	8.6	86,239	19,229	67,010	22.3	11.7	11.9	10.9
100-200	15,955	10.8	134,074	33,895	100,179	25.3	22.7	22.3	24.1
200-500	4,214	2.9	287,808	81,490	206,318	28.3	12.9	12.1	15.3
500-1,000	727	0.5	677,545	208,985	468,560	30.8	5.2	4.8	6.8
More than 1,000	383	0.3	3,081,101	1,116,852	1,964,249	36.3	12.5	10.5	19.1
All	147,237	100.0	63,974	15,249	48,725	23.8	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 8.1 Proposal: 3.5

(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. Financing proportional to current liability requires a 23 percent increase in income tax for each tax unit. Units with negative liability receive a reduced refund.

(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.