

Table T07-0092
Combined Effect of 2001-06 Tax Cuts with Financing Proportional to Income Tax Liability
Distribution of Federal Tax Change by Cash Income Percentile, 2006¹

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	10.1	24.2	-1.1	n/a	78	27.3	0.1	0.5	1.0	4.7
Second Quintile	49.0	19.3	0.3	n/a	-61	-3.5	-0.1	2.2	-0.3	8.7
Middle Quintile	50.1	37.7	1.0	n/a	-288	-4.9	-0.4	7.3	-0.8	15.6
Fourth Quintile	49.3	48.6	0.4	n/a	-220	-1.7	-0.3	16.5	-0.4	20.2
Top Quintile	48.9	50.6	-0.4	n/a	495	0.9	0.7	73.3	0.3	28.6
All	41.5	36.0	0.0	n/a	0	0.0	0.0	100.0	0.0	23.8
Addendum										
Top 10 Percent	34.2	65.4	-0.8	n/a	1,581	1.8	1.0	58.5	0.5	30.5
Top 5 Percent	23.5	76.1	-1.2	n/a	3,502	2.5	1.2	46.7	0.8	32.2
Top 1 Percent	20.9	78.8	-1.4	n/a	11,306	2.6	0.7	28.8	0.9	35.2
Top 0.5 Percent	23.7	76.0	-1.2	n/a	15,279	2.2	0.5	23.5	0.8	36.1
Top 0.1 Percent	33.7	66.0	-0.9	n/a	33,173	1.5	0.2	14.6	0.6	37.7

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

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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	28,860.0	19.6	7,727.0	288.0	7,439	3.7	2.4	3.0	0.4	
Second Quintile	29,449.0	20.0	19,690.0	1,772.0	17,918	9.0	6.2	7.4	2.3	
Middle Quintile	29,448.0	20.0	35,657.0	5,842.0	29,814	16.4	11.2	12.2	7.7	
Fourth Quintile	29,448.0	20.0	62,346.0	12,825.0	49,521	20.6	19.5	20.3	16.8	
Top Quintile	29,447.0	20.0	195,755.0	55,388.0	140,367	28.3	61.2	57.6	72.6	
All	147,237.0	100.0	63,974.0	15,249.0	48,725	23.8	100.0	100.0	100.0	
Addendum										
Top 10 Percent	14,724.0	10.0	292,372.0	87,545.0	204,827	29.9	45.7	42.0	57.4	
Top 5 Percent	7,361.0	5.0	443,043.0	138,927.0	304,116	31.4	34.6	31.2	45.6	
Top 1 Percent	1,472.0	1.0	1,248,587.0	427,620.0	820,967	34.3	19.5	16.9	28.0	
Top 0.5 Percent	736.0	0.5	1,984,734.0	701,189.0	1,283,545	35.3	15.5	13.2	23.0	
Top 0.1 Percent	147.0	0.1	5,889,414.0	2,186,385.0	3,703,029	37.1	9.2	7.6	14.3	

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) For the income levels at each quintile and the top income percentiles used in this table, see

<http://www.taxpolicycenter.org/TaxModel/percentiles.cfm>

(4) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(5) 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.

(6) 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.