

**Table T06-0257**  
**Combined Effect of the 2001-2006 Tax Cuts with Financing Proportional to Income**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2006<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Lowest Quintile	0.7	93.2	-2.3	n/a	175	60.8	0.2	0.6	2.2	5.8
Second Quintile	23.8	76.1	-0.7	n/a	123	6.5	0.2	2.8	0.6	10.0
Middle Quintile	31.8	68.1	-0.5	n/a	147	2.5	0.2	8.3	0.4	16.9
Fourth Quintile	22.9	77.1	-0.7	n/a	335	2.6	0.5	17.9	0.5	21.0
Top Quintile	48.7	51.2	0.5	n/a	-748	-1.4	-1.0	70.3	-0.4	27.0
All	26.0	72.8	0.0	n/a	0	0.0	0.0	100.0	0.0	23.2
<b>Addendum</b>										
Top 10 Percent	51.3	48.7	0.7	n/a	-1,376	-1.7	-0.9	54.7	-0.5	28.4
Top 5 Percent	51.7	48.2	0.8	n/a	-2,335	-1.8	-0.8	42.7	-0.6	29.5
Top 1 Percent	63.2	36.8	1.3	n/a	-10,291	-2.7	-0.7	25.2	-0.9	31.7
Top 0.5 Percent	75.2	24.8	1.7	n/a	-20,086	-3.3	-0.7	20.3	-1.1	32.5
Top 0.1 Percent	84.7	15.3	2.0	n/a	-69,206	-3.7	-0.5	12.3	-1.3	33.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2006<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	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	28,703.0	19.6	7,923.0	287.0	7,636	3.6	2.5	3.1	0.4
Second Quintile	29,289.0	20.0	20,116.0	1,888.0	18,228	9.4	6.4	7.5	2.6
Middle Quintile	29,279.0	20.0	35,940.0	5,916.0	30,024	16.5	11.4	12.4	8.1
Fourth Quintile	29,283.0	20.0	62,270.0	12,738.0	49,532	20.5	19.8	20.5	17.5
Top Quintile	29,282.0	20.0	189,863.0	51,998.0	137,865	27.4	60.3	57.0	71.3
All	146,417.0	100.0	62,970.0	14,589.0	48,380	23.2	100.0	100.0	100.0
<b>Addendum</b>									
Top 10 Percent	14,642.0	10.0	281,205.0	81,184.0	200,021	28.9	44.7	41.3	55.7
Top 5 Percent	7,323.0	5.0	421,832.0	126,874.0	294,958	30.1	33.5	30.5	43.5
Top 1 Percent	1,464.0	1.0	1,159,675.0	378,063.0	781,612	32.6	18.4	16.2	25.9
Top 0.5 Percent	732.0	0.5	1,825,082.0	612,372.0	1,212,710	33.6	14.5	12.5	21.0
Top 0.1 Percent	146.0	0.1	5,274,153.0	1,857,169.0	3,416,984	35.2	8.4	7.1	12.7

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

(1) Calendar year. Baseline is pre-EGTRRA law. Provisions include major individual income and estate tax measures in EGTRRA, JCWA, JGTRRA, AJCA, WFTRA, TIPRA, and PPA. Financing proportional to income requires an additional levy of 2.5% of income on all tax units.

(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.