

**Table T06-0258**  
**Combined Effect of the 2001-2006 Tax Cuts with Financing Proportional to Income Tax Liability**  
**Distribution of Federal Tax Change by Cash Income Class, 2006<sup>1</sup>**

Cash Income Class (thousands of 2006 dollars) <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
Less than 10	3.4	26.7	-1.2	n/a	68	30.8	0.1	0.3	1.2	5.1
10-20	37.2	22.5	-0.3	n/a	44	4.8	0.1	1.1	0.3	6.2
20-30	60.6	20.5	1.0	n/a	-220	-7.1	-0.2	2.7	-0.9	11.4
30-40	49.4	38.8	1.1	n/a	-316	-5.4	-0.2	4.0	-0.9	15.6
40-50	50.4	44.1	0.7	n/a	-274	-3.2	-0.2	4.6	-0.6	18.0
50-75	49.1	49.0	0.4	n/a	-213	-1.7	-0.2	12.4	-0.3	20.1
75-100	60.2	39.0	0.6	n/a	-427	-2.2	-0.3	11.2	-0.5	21.8
100-200	50.8	48.8	0.4	n/a	-410	-1.2	-0.3	24.0	-0.3	24.7
200-500	19.3	80.3	-1.3	n/a	2,788	3.4	0.5	15.7	1.0	28.7
500-1,000	14.4	85.0	-1.8	n/a	8,824	4.3	0.3	6.7	1.3	31.2
More than 1,000	22.8	76.9	-1.4	n/a	27,042	2.6	0.4	17.1	0.9	35.4
All	42.8	36.1	0.0	n/a	0	0.0	0.0	100.0	0.0	23.2

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

Cash Income Class (thousands of 2006 dollars) <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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	18,886	12.9	5,743	222	5,522	3.9	1.2	1.5	0.2
10-20	25,413	17.4	15,208	905	14,303	6.0	4.2	5.1	1.1
20-30	20,374	13.9	25,206	3,082	22,125	12.2	5.6	6.4	2.9
30-40	15,429	10.5	35,525	5,852	29,672	16.5	5.9	6.5	4.2
40-50	11,963	8.2	45,636	8,496	37,140	18.6	5.9	6.3	4.8
50-75	21,121	14.4	62,649	12,795	49,853	20.4	14.4	14.9	12.7
75-100	12,455	8.5	87,930	19,622	68,308	22.3	11.9	12.0	11.4
100-200	15,196	10.4	136,287	34,127	102,160	25.0	22.5	21.9	24.3
200-500	3,988	2.7	292,415	81,034	211,381	27.7	12.7	11.9	15.1
500-1,000	668	0.5	690,594	206,265	484,328	29.9	5.0	4.6	6.5
More than 1,000	345	0.2	2,994,463	1,033,274	1,961,189	34.5	11.2	9.6	16.7
All	146,417	100.0	62,970	14,589	48,380	23.2	100.0	100.0	100.0

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 tax liability requires an additional levy of 22.7% of tax liability on all tax units. 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.