

**Table T03-0178**  
**5.25 Percent Surtax:**  
**Distribution of Income Tax Change by Percentiles, Pre-EGTRRA Baseline, 2004<sup>1</sup>**

AGI Class <sup>2</sup>	Percent of Tax Units with Tax Change	Percent Change in After-Tax Income <sup>3</sup>	Percent of Total Income Tax Change	Average Tax Change (\$)	Average Income Tax Rate <sup>4</sup>	
					Pre-EGTRRA	Proposal
Lowest Quintile	0.4	0.1	0.1	-3	-10.3	-10.5
Second Quintile	73.5	1.6	4.7	-227	-3.6	-5.2
Middle Quintile	98.7	2.3	12.4	-606	6.2	4.1
Fourth Quintile	99.7	1.9	18.1	-884	10.3	8.5
Next 10 Percent	99.8	2.6	18.8	-1,835	12.7	10.5
Next 5 Percent	99.9	2.7	13.4	-2,606	15.5	13.2
Next 4 Percent	99.9	2.1	12.7	-3,097	19.7	18.0
Top 1 Percent	99.8	3.1	19.7	-19,212	28.7	26.4
All	74.5	2.4	100.0	-974	14.7	12.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0503-1).

\* Less than 0.05 percent. \*\* Less than \$1 in absolute value.

(1) Calendar year. Baseline is pre-EGTRRA law. Surtax would be applied to income tax after refundable and nonrefundable credits, if positive. Includes provisions in EGTRRA and JGTRRA affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the AMT; the standard deduction, 15-percent bracket, and EITC for married couples; tax rates on long-term capital gains and dividends. Excludes pension and IRA provisions, and phaseout of the estate tax.

(2) Tax units with negative AGI are excluded from the lowest quintile but are included in the totals. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(3) After-tax income is AGI less individual income tax net of refundable credits.

(4) Average income tax, net of refundable credits, as a percentage of average AGI.