

Table T04-0054
Fully Phased-In "Middle-Class Provisions" in EGTRRA and JGTRRA:
Distribution of Individual Income Tax Change by Cash Income Class, 2004¹

Cash Income Class ²	Percent of Tax Units with Income Tax Cut	Percent Change in After-Tax Income ³	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate ⁴	
					Pre-EGTRRA	Proposal
Lowest Quintile	13.5	0.2	0.4	-15	3.7	3.5
Second Quintile	66.1	1.6	8.2	-266	9.1	7.7
Middle Quintile	83.6	2.0	16.8	-547	15.9	14.2
Fourth Quintile	96.7	1.9	26.8	-874	20.2	18.7
Top Quintile	93.5	1.3	47.8	-1,558	26.8	25.9
All	70.6	1.5	100.0	-652	22.6	21.4
Addendum						
Top 10 Percent	89.1	0.9	23.4	-1,524	28.2	27.6
Top 5 Percent	82.1	0.5	10.0	-1,303	29.4	29.0
Top 1 Percent	78.9	0.2	2.0	-1,320	31.7	31.5
Top 0.5 Percent	82.8	0.1	1.1	-1,419	32.6	32.5
Top 0.1 Percent	84.3	0.1	0.2	-1,450	34.6	34.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-2).

(1) Calendar year. Baseline is pre-EGTRRA law. Includes the following provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA): creation of 10-percent bracket for first \$7,000 of taxable income for singles (\$14,000 for married couples filing jointly and \$10,000 for heads of household), indexed for inflation after 2003; \$1,000 child tax credit amount; additional child tax credit with 15-percent refundability rate; allow child credit and EITC regardless of AMT liability; repeal use of modified AGI in calculation of EITC; increase the standard deduction and width of the 15-percent bracket for married couples to twice that for singles; and increase the width of the EITC plateau by \$3,000 for married couples; qualifying long-term capital gains and dividends taxed at 0 / 15 percent rates.

(2) Tax units with negative cash income 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. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) 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.

(4) Average federal tax (individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax) as a percentage of average cash income.