

Table T04-0089**Supplement to Table T04-0078**

**Sub-Sample of Tax Filing Units with Positive Individual Income Tax Liability After Refundable Credits¹:
 Combined Effect of House Bills on Marriage Penalty Reform, AMT Relief, Extension of the 10-Percent Income
 Tax Bracket and Increased and Expanded Child Credit
 Distribution of Individual Income Tax Change by Cash Income Percentiles, 2005²**

Cash Income Class ³	Percent of Individual Income Taxpayers with Tax Cut	Percent Change in After-Tax Income ⁴	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate ⁵	
					Current Law	Proposal
Lowest Quintile	67.9	0.3	1.6	-47	17.4	17.2
Second Quintile	95.9	0.5	5.2	-148	19.0	18.6
Middle Quintile	98.1	0.6	10.1	-289	19.5	19.0
Fourth Quintile	99.1	1.0	22.0	-632	21.1	20.4
Top Quintile	97.6	1.0	61.2	-1,759	26.3	25.6
All	91.7	0.9	100.0	-575	23.4	22.7
Addendum						
Top 10 Percent	95.7	0.9	38.8	-2,233	27.5	26.8
Top 5 Percent	91.9	0.6	20.7	-2,379	28.5	28.0
Top 1 Percent	74.2	0.1	1.2	-714	30.1	30.0
Top 0.5 Percent	79.1	*	0.6	-673	30.8	30.7
Top 0.1 Percent	80.7	*	0.1	-553	32.2	32.2

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

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

(1) Tax units with zero or negative individual income tax after refundable credits (EITC and refundable portion of child credit) are excluded from the analysis.

(2) Calendar year. Baseline is current law. Provisions include: increasing the standard deduction and the width of the 15 percent bracket for married couples filing a joint return to twice that of singles; increasing AMT exemption to \$58,000 for married couples filing a joint return (\$29,000 for married individuals filing a separate return) and \$40,250 for others, indexed for inflation after 2004; increasing the width of the 10 percent bracket to \$14,000 for married couples filing a joint return (\$7,000 for singles), indexed for inflation after 2003; increasing the child credit to \$1,000; increasing phaseout threshold for child credit to \$125,000 (\$250,000 for married couples filing a joint return).

(3) Individual income taxpayers with negative cash income are excluded from the lowest quintile but are included in the totals. Individuals who do not have positive individual income tax after refundable credits and taxpayers 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>

(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 (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.