

Table T04-0083

**H.R. 4359, Extension and Expansion of Child Tax Credit:
Distribution of Tax Change by Cash Income Percentiles, 2005¹**

Cash Income Class ²	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income ³	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate ⁴	
					Current Law	Proposal
Lowest Quintile	0.1	*	0.1	**	3.5	3.5
Second Quintile	10.6	0.2	5.4	-31	7.8	7.7
Middle Quintile	21.5	0.3	15.8	-91	14.7	14.4
Fourth Quintile	30.2	0.3	24.8	-143	19.2	18.9
Top Quintile	36.8	0.2	53.9	-311	25.3	25.1
All	19.8	0.2	100.0	-115	21.3	21.1
Addendum						
Top 10 Percent	35.1	0.2	36.7	-423	26.6	26.5
Top 5 Percent	28.9	0.2	19.5	-450	27.7	27.6
Top 1 Percent	2.6	*	0.3	-36	29.5	29.5
Top 0.5 Percent	1.4	*	0.1	-15	30.2	30.2
Top 0.1 Percent	0.6	*	*	-6	31.8	31.8

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

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

(1) Calendar year. Baseline is current law. Provisions include: increase child tax credit amount to \$1,000; increase phaseout threshold for child credit to \$125,000 (\$250,000 for married couples filing a joint return).

(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.