

Table T04-0077

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 Class, 2005¹

Cash Income Class (thousands of 2003 dollars) ²	Tax Units ³			Percent Change in After-Tax Income ⁴	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total	Percent with Tax Cut				Current Law	Proposal
Less than 10	20,301	14.0	0.3	*	*	**	3.4	3.3
10-20	26,357	18.1	20.4	0.1	0.9	-20	5.5	5.4
20-30	20,537	14.1	65.4	0.5	3.9	-106	11.2	10.8
30-40	15,633	10.8	79.6	0.5	4.5	-160	15.4	14.9
40-50	11,543	7.9	89.3	0.6	4.8	-230	17.5	17.0
50-75	20,112	13.8	96.6	0.7	12.2	-336	19.5	18.9
75-100	11,773	8.1	98.1	1.1	15.7	-737	21.2	20.4
100-200	14,039	9.7	98.7	1.5	38.8	-1,529	23.5	22.4
200-500	3,588	2.5	95.2	1.3	17.9	-2,756	26.4	25.5
500-1,000	593	0.4	71.6	0.1	0.8	-731	27.8	27.7
More than 1,000	284	0.2	79.5	*	0.3	-653	31.2	31.2
All	145,321	100.0	62.3	0.8	100.0	-380	21.3	20.7

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: 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).

(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 (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.