

Table T04-0071
H.R. 4227, Extension of Alternative Minimum Tax Relief
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	*	*	*	**	3.5	3.5
Second Quintile	*	*	*	**	7.8	7.8
Middle Quintile	0.3	*	0.3	-2	14.7	14.7
Fourth Quintile	3.2	*	4.0	-24	19.2	19.1
Top Quintile	35.1	0.4	95.7	-576	25.3	25.0
All	7.7	0.3	100.0	-120	21.3	21.1
Addendum						
Top 10 Percent	49.7	0.5	79.4	-957	26.6	26.2
Top 5 Percent	61.0	0.5	58.8	-1,417	27.7	27.4
Top 1 Percent	27.0	0.1	5.5	-666	29.5	29.5
Top 0.5 Percent	9.3	*	0.9	-225	30.2	30.2
Top 0.1 Percent	3.1	*	0.1	-70	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 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.

(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.