

**Table T05-0003**  
**Reduction in Rates for Long-Term Capital Gains and Qualifying Dividends:**  
**Distribution of Tax Change by Cash Income Class, All Tax Units, 2005<sup>1</sup>**

Cash Income Class (thousands of 2003 dollars) <sup>2</sup>	Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Tax Change (\$ millions) <sup>5</sup>	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>		
	Number (thousands)	Percent of Total					Percent with Tax Cut	Baseline	Proposal
<b>Less than 10</b>	20,301	14.0	0.1	*	-0.2	*	**	3.3	3.3
<b>10-20</b>	26,357	18.1	2.2	*	-32.4	0.1	-1	5.3	5.3
<b>20-30</b>	20,537	14.1	5.9	*	-115.4	0.5	-6	10.7	10.7
<b>30-40</b>	15,633	10.8	10.2	*	-181.4	0.8	-12	14.8	14.8
<b>40-50</b>	11,543	7.9	15.5	0.1	-279.4	1.3	-24	16.9	16.8
<b>50-75</b>	20,112	13.8	23.2	0.1	-933.7	4.2	-46	18.9	18.9
<b>75-100</b>	11,773	8.1	29.3	0.1	-1,042.3	4.7	-89	20.5	20.4
<b>100-200</b>	14,039	9.7	46.4	0.2	-3,145.3	14.3	-224	22.7	22.5
<b>200-500</b>	3,588	2.5	67.6	0.5	-3,820.4	17.4	-1,065	25.9	25.5
<b>500-1,000</b>	593	0.4	76.5	0.8	-2,367.9	10.8	-3,996	28.1	27.5
<b>More than 1,000</b>	284	0.2	82.3	1.8	-10,085.1	45.8	-35,491	32.2	31.0
<b>All</b>	145,321	100.0	15.8	0.3	-22,004.8	100.0	-151	20.9	20.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-5).

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

(1) Calendar year. Provisions include: reduce the tax rate on qualifying dividends and long-term capital gains to 15 percent (the rate for individuals in the 10- and 15-percent brackets is 5 percent). Baseline is current law without these rate reductions for dividends and capital gains that were enacted by JGTRRA. Under Pre-JGTRRA law, dividends were taxed at the same rates as ordinary income; long-term gains were generally subject to a 20-percent rate (10 percent for those in the 10- and 15-percent brackets).

(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) Static tax change that does not include any behavioral effects.

(6) 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.