

February 1, 2005

Table T05-0023
Effects of PEP/PEASE Repeal
Distribution of Federal Tax Change by Cash Income Class, 2010¹

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				Baseline	Proposal
Less than 10	20,774	13.4	0.0	0.0	0.0	0	3.0	3.0
10-20	27,902	18.0	0.0	0.0	0.0	0	5.0	5.0
20-30	21,378	13.8	0.0	0.0	0.0	0	11.0	11.0
30-40	16,596	10.7	0.0	0.0	0.0	0	14.8	14.8
40-50	12,306	7.9	0.0	0.0	0.0	0	16.8	16.8
50-75	20,306	13.1	0.0	0.0	0.0	0	19.3	19.3
75-100	12,845	8.3	0.8	0.0	0.1	-1	20.6	20.6
100-200	17,016	10.9	14.6	0.0	3.2	-25	22.8	22.8
200-500	4,600	3.0	40.5	0.2	19.1	-558	25.3	25.1
500-1,000	779	0.5	58.9	0.7	24.0	-4,141	26.7	26.2
More than 1,000	374	0.2	73.7	0.9	53.5	-19,234	29.9	29.3
All	155,433	100.0	3.3	0.2	100.0	-86	21.1	20.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model, version 0304-3.

(1) Baseline is current law minus the repeal of PEP and PEASE with extension of expiring provisions and the AMT indexed to 2005 levels.

(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

(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.