

February 1, 2005

Table T05-0025

Effect of 2001-2004 Tax Cuts (Not Including Repeal of the Estate Tax), Extension of Expiring Provisions, and Indexing the AMT at 2005 Levels

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	5.9	0.1	0.0	-5	3.1	3.1
10-20	27,902	18.0	53.1	1.3	2.2	-205	6.3	5.1
20-30	21,378	13.8	80.0	2.3	4.6	-567	13.0	11.0
30-40	16,596	10.7	83.4	2.0	4.2	-668	16.5	14.9
40-50	12,306	7.9	89.2	2.0	4.0	-840	18.4	16.8
50-75	20,306	13.1	97.6	2.3	9.8	-1,257	21.1	19.4
75-100	12,845	8.3	99.1	3.0	11.4	-2,313	23.0	20.7
100-200	17,016	10.9	99.2	3.3	24.5	-3,755	25.6	23.1
200-500	4,600	3.0	98.9	3.2	13.5	-7,666	28.0	25.7
500-1,000	779	0.5	98.5	4.6	7.4	-24,717	30.2	27.0
More than 1,000	374	0.2	98.6	6.0	18.3	-127,407	34.0	30.1
All	155,433	100.0	72.8	3.1	100.0	-1,677	23.6	21.2

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

(1) Baseline is pre-EGTRRA law with the AMT indexed to 2000 levels and the personal nonrefundable credits allowed against the AMT.

(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.