

**Table T05-0055**  
**Effect of the 2001-2004 Tax Cuts With Proportional Financing<sup>1</sup>**  
**Distribution of Federal Tax Change by Cash Income Class, 2004**

Cash Income Class (thousands of 2003 dollars) <sup>2</sup>	Tax Units <sup>3</sup>				Percent Change in After-Tax Income <sup>4</sup>	Average Tax Change (\$)	Average Federal Tax Rate <sup>5</sup>			Change in Federal Tax Payments (percent)	Average Income Tax Rate			Change in Income Tax Payments (percent)
	Number (thousands)	Percent of Total	Percent with Tax Increase	Percent with Tax Cut			Pre-EGTRRA	Current Law	Change		Pre-EGTRRA	Current Law	Change	
<b>Less than 10</b>	20,428	14.2	95.0	5.0	-2.6	146	3.7	6.2	2.5	68.0	-5.8	-3.0	2.8	-47.9
<b>10-20</b>	26,467	18.4	83.7	16.3	-1.4	197	6.7	8.0	1.3	19.3	-3.0	-1.5	1.6	-51.6
<b>20-30</b>	20,379	14.2	70.5	29.5	-0.6	137	12.9	13.5	0.5	4.2	2.1	2.9	0.8	39.2
<b>30-40</b>	15,377	10.7	74.1	25.9	-0.9	276	16.7	17.5	0.8	4.7	5.4	6.5	1.1	20.0
<b>40-50</b>	11,446	8.0	73.2	26.8	-0.9	319	18.8	19.5	0.7	3.7	7.0	8.1	1.1	15.2
<b>50-75</b>	20,054	14.0	78.4	21.6	-0.8	401	20.8	21.4	0.6	3.1	8.7	9.7	1.0	12.0
<b>75-100</b>	11,395	7.9	64.3	35.7	-0.1	90	22.8	22.9	0.1	0.4	10.3	11.0	0.6	6.1
<b>100-200</b>	13,281	9.3	59.0	41.0	0.3	-254	25.2	25.0	-0.2	-0.7	13.2	13.7	0.5	3.4
<b>200-500</b>	3,339	2.3	59.6	40.4	0.3	-615	27.9	27.6	-0.2	-0.8	17.9	18.7	0.8	4.4
<b>500-1,000</b>	527	0.4	30.0	70.0	1.3	-6,390	30.1	29.2	-0.9	-3.1	20.9	21.3	0.4	1.9
<b>More than 1,000</b>	257	0.2	16.1	83.9	3.8	-72,614	34.6	32.1	-2.5	-7.2	23.4	22.9	-0.5	-2.0
<b>All</b>	143,509	100.0	76.0	24.0	0.0	0	22.8	22.8	0.0	0.0	11.4	12.1	0.7	6.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

(1) Baseline is pre-EGTRRA law. Tax cuts include EGTRRA, JCWA, JGTRRA, and WFTRA. Financing is proportional to cash income and amounts to about 2.8% of cash income.

(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.