

**Table T05-0068: Reduction in Rates for Long-Term Capital Gains and Qualifying Dividends
Distribution of Federal Tax Change by Cash Income Class, 2005¹**

Cash Income Class (thousands of 2005 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.1	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	3.5
10-20	2.3	0.0	0.0	0.2	-1	-0.2	0.0	1.0	0.0	4.7
20-30	5.7	0.0	0.0	0.4	-5	-0.2	0.0	2.7	0.0	10.1
30-40	9.5	0.0	0.0	0.5	-9	-0.2	0.1	4.2	0.0	14.4
40-50	15.8	0.0	0.1	1.1	-22	-0.3	0.1	4.9	-0.1	16.8
50-75	22.7	0.0	0.1	3.7	-43	-0.4	0.1	13.0	-0.1	18.5
75-100	28.1	0.0	0.1	3.8	-77	-0.4	0.1	11.4	-0.1	20.1
100-200	43.9	0.0	0.2	12.3	-206	-0.7	0.2	23.7	-0.2	22.3
200-500	64.4	0.0	0.5	15.7	-996	-1.4	0.0	15.3	-0.4	25.4
500-1,000	69.3	0.0	0.7	9.7	-3,627	-1.9	0.0	6.5	-0.5	27.2
More than 1,000	77.2	0.0	1.9	52.7	-37,962	-4.0	-0.5	17.0	-1.3	31.2
All	15.6	0.0	0.4	100.0	-167	-1.3	0.0	100.0	-0.3	20.7

**Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2005¹**

Cash Income Class (thousands of 2005 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ³ (Dollars)	Average Federal Tax Rate ⁴	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Pre-Tax Income Percent of Total	Post-Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	19,560	13.5	5,618	199	5,419	3.5	1.3	1.5	0.2
10-20	25,611	17.7	14,885	706	14,179	4.7	4.4	5.3	1.0
20-30	19,953	13.8	24,715	2,492	22,223	10.1	5.6	6.4	2.7
30-40	15,289	10.6	34,863	5,036	29,828	14.4	6.1	6.6	4.2
40-50	11,738	8.1	44,824	7,535	37,289	16.8	6.0	6.3	4.8
50-75	20,700	14.3	61,482	11,401	50,081	18.5	14.5	15.0	12.8
75-100	11,936	8.3	86,246	17,368	68,878	20.1	11.8	11.9	11.3
100-200	14,432	10.0	133,489	30,001	103,487	22.5	22.0	21.6	23.5
200-500	3,797	2.6	287,471	73,920	213,551	25.7	12.5	11.7	15.3
500-1,000	642	0.4	678,426	188,220	490,206	27.7	5.0	4.6	6.6
More than 1,000	335	0.2	2,943,745	957,593	1,986,152	32.5	11.3	9.6	17.5
All	144,573	100.0	60,566	12,725	47,841	21.0	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-1).

(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) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.