

February 16, 2005

**Table T05-0058**  
**Effect of the 2001-2004 Tax Cuts With Proportional Financing<sup>1</sup>**  
**Distribution of Federal Tax Change by Cash Income Class, 2005**

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	
Less than 10	20,301	14.0	99.8	0.2	-2.3	132	3.4	5.7	2.2	65.1	-6.0	-3.8	2.3	-37.4
10-20	26,357	18.1	84.3	15.7	-1.1	153	6.7	7.7	1.0	14.8	-3.1	-2.1	1.0	-32.5
20-30	20,537	14.1	69.4	30.6	-0.2	52	12.9	13.1	0.2	1.6	2.1	2.3	0.2	10.7
30-40	15,633	10.8	69.5	30.5	-0.6	168	16.8	17.2	0.5	2.8	5.5	6.0	0.5	9.5
40-50	11,543	7.9	72.0	28.0	-0.6	227	18.8	19.3	0.5	2.6	7.1	7.6	0.5	7.8
50-75	20,112	13.8	75.7	24.3	-0.5	264	20.8	21.3	0.4	2.0	8.8	9.3	0.5	5.6
75-100	11,773	8.1	52.2	47.8	0.2	-110	22.9	22.7	-0.1	-0.5	10.4	10.5	0.1	0.7
100-200	14,039	9.7	37.5	62.5	0.4	-423	25.2	24.9	-0.3	-1.2	13.3	13.2	-0.1	-0.7
200-500	3,588	2.5	51.3	48.7	0.0	25	27.9	27.9	0.0	0.0	18.0	18.2	0.2	1.3
500-1,000	593	0.4	34.9	65.1	0.6	-2,734	30.3	29.9	-0.4	-1.3	21.2	21.0	-0.2	-1.0
More than 1,000	284	0.2	21.8	78.2	1.7	-33,394	34.6	33.4	-1.1	-3.3	23.6	22.6	-1.1	-4.5
All	145,321	100.0	72.2	27.8	0.0	0	23.0	23.0	0.0	0.0	11.7	11.8	0.1	1.2

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 2.3% 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.