

**Table T05-0059**  
**Effect of the 2001-2004 Tax Cuts Without Financing<sup>1</sup>**  
**Distribution of Federal Tax Change by Cash Income Percentiles, 2004**

Cash Income Class <sup>2</sup>	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income <sup>3</sup>	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate <sup>4</sup>			Change in Federal Tax Payments (percent)	Average Income Tax Rate			Change in Income Tax Payments (percent)
					Pre-EGTRRA	Current Law	Change		Pre-EGTRRA	Current Law	Change	
<b>Lowest Quintile</b>	30.2	0.5	0.5	-39	3.8	3.3	-0.5	-13.6	-5.5	-5.8	-0.2	4.4
<b>Second Quintile</b>	80.3	2.3	4.6	-383	9.3	7.2	-2.0	-22.0	-1.0	-2.8	-1.8	170.9
<b>Middle Quintile</b>	94.9	2.6	8.7	-716	16.0	13.8	-2.2	-13.5	4.8	2.9	-1.9	-38.8
<b>Fourth Quintile</b>	99.3	2.8	15.6	-1,291	20.4	18.1	-2.2	-10.9	8.3	6.5	-1.8	-21.9
<b>Top Quintile</b>	99.9	4.7	70.4	-5,824	27.1	23.7	-3.4	-12.6	15.7	13.2	-2.5	-15.7
<b>All</b>	81.0	3.7	100.0	-1,654	22.8	19.9	-2.9	-12.6	11.4	9.2	-2.2	-19.1
<b>Addendum</b>												
<b>Top 10 Percent</b>	99.9	5.1	54.5	-9,019	28.5	24.9	-3.6	-12.7	17.6	15.0	-2.5	-14.3
<b>Top 5 Percent</b>	100.0	5.4	42.5	-14,041	29.8	26.0	-3.8	-12.8	19.2	16.7	-2.5	-13.2
<b>Top 1 Percent</b>	99.9	6.7	26.5	-43,887	32.3	27.8	-4.5	-14.0	21.9	19.0	-2.8	-13.0
<b>Top 0.5 Percent</b>	99.9	7.3	22.3	-73,792	33.3	28.4	-4.9	-14.7	22.6	19.5	-3.1	-13.7
<b>Top 0.1 Percent</b>	99.9	8.6	14.4	-238,940	35.4	29.8	-5.6	-15.8	23.7	20.2	-3.5	-14.6

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

(1) Baseline is pre-EGTRRA law. Tax cuts include EGTRRA, JCWA, JGTRRA, and WFTRA.

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) 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.

(4) 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.