

Table T05-0060
Effect of the 2001-2004 Tax Cuts With Lump-Sum Financing¹
Distribution of Federal Tax Change by Cash Income Percentiles, 2004

Cash Income Class ²	Percent with Tax Increase	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income ³	Average Tax Change (\$)	Average Federal Tax Rate ⁴			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	
Lowest Quintile	99.9	0.1	-22.7	1,615	3.8	25.7	21.9	569.9	-5.5	16.6	22.1	-399.1
Second Quintile	98.9	1.1	-7.5	1,271	9.3	16.1	6.8	73.2	-1.0	6.0	7.1	-684.7
Middle Quintile	91.2	8.8	-3.4	937	16.0	18.8	2.8	17.6	4.8	7.9	3.1	64.8
Fourth Quintile	75.8	24.2	-0.8	363	20.4	21.0	0.6	3.1	8.3	9.4	1.0	12.2
Top Quintile	12.9	87.1	3.4	-4,171	27.1	24.6	-2.4	-9.0	15.7	14.2	-1.5	-9.5
All	75.7	24.3	0.0	0	22.8	22.8	0.0	0.0	11.4	12.1	0.7	6.2
Addendum												
Top 10 Percent	3.2	96.8	4.1	-7,365	28.5	25.6	-3.0	-10.4	17.6	15.7	-1.9	-10.6
Top 5 Percent	2.3	97.7	4.8	-12,387	29.8	26.4	-3.4	-11.3	19.2	17.1	-2.1	-10.9
Top 1 Percent	2.8	97.2	6.4	-42,233	32.3	27.9	-4.3	-13.5	21.9	19.2	-2.7	-12.2
Top 0.5 Percent	1.7	98.3	7.2	-72,138	33.3	28.5	-4.8	-14.4	22.6	19.6	-3.0	-13.2
Top 0.1 Percent	0.4	99.6	8.6	-237,286	35.4	29.9	-5.5	-15.6	23.7	20.3	-3.4	-14.4

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. Lump sum financing equals about \$1654 per tax unit.

(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.