

**Table T05-0061**  
**Effect of the 2001-2004 Tax Cuts With Proportional Financing<sup>1</sup>**  
**Distribution of Federal Tax Change by Cash Income Percentiles, 2004**

Cash Income Class <sup>2</sup>	Percent with Tax Increase	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income <sup>3</sup>	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>	95.1	4.9	-2.4	174	3.8	6.2	2.4	61.3	-5.5	-2.9	2.6	-47.4
<b>Second Quintile</b>	76.1	23.9	-0.9	155	9.3	10.1	0.8	8.9	-1.0	0.1	1.1	-107.2
<b>Middle Quintile</b>	72.6	27.4	-0.9	239	16.0	16.7	0.7	4.5	4.8	5.8	1.0	21.1
<b>Fourth Quintile</b>	76.9	23.1	-0.8	376	20.4	21.0	0.6	3.2	8.3	9.4	1.0	12.5
<b>Top Quintile</b>	60.2	39.8	0.7	-923	27.1	26.5	-0.5	-2.0	15.7	16.1	0.4	2.6
<b>All</b>	76.0	24.0	0.0	0	22.8	22.8	0.0	0.0	11.4	12.1	0.7	6.2
<b>Addendum</b>												
<b>Top 10 Percent</b>	58.5	41.5	1.0	-1,862	28.5	27.8	-0.7	-2.6	17.6	17.9	0.4	2.0
<b>Top 5 Percent</b>	59.2	40.8	1.3	-3,476	29.8	28.8	-0.9	-3.2	19.2	19.6	0.3	1.7
<b>Top 1 Percent</b>	36.9	63.1	2.4	-15,979	32.3	30.6	-1.6	-5.1	21.9	21.9	0.0	0.1
<b>Top 0.5 Percent</b>	24.2	75.8	3.0	-30,460	33.3	31.3	-2.0	-6.1	22.6	22.4	-0.2	-1.0
<b>Top 0.1 Percent</b>	11.2	88.8	4.2	-115,806	35.4	32.7	-2.7	-7.6	23.7	23.1	-0.6	-2.5

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. 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 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.