

Table T05-0062
Effect of the 2001-2004 Tax Cuts Without Financing¹
Distribution of Federal Tax Change by Cash Income Percentiles, 2005

Cash Income Class ²	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income ³	Percent of Total Tax Change	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	23.2	0.3	0.3	-22	3.7	3.5	-0.3	-7.7	-5.6	-5.9	-0.3	4.7
Second Quintile	76.7	2.0	5.1	-358	9.4	7.6	-1.9	-19.6	-0.9	-2.8	-1.8	195.4
Middle Quintile	91.9	2.3	9.4	-659	16.2	14.2	-1.9	-11.9	5.0	3.1	-1.9	-37.6
Fourth Quintile	99.0	2.4	16.4	-1,147	20.6	18.6	-1.9	-9.3	8.6	6.7	-1.8	-21.4
Top Quintile	99.8	3.7	68.8	-4,821	27.3	24.6	-2.7	-9.9	16.0	13.5	-2.5	-15.6
All	78.2	3.0	100.0	-1,402	23.0	20.7	-2.3	-10.2	11.7	9.5	-2.2	-18.9
Addendum												
Top 10 Percent	99.8	3.8	51.2	-7,170	28.7	25.9	-2.7	-9.5	17.9	15.4	-2.5	-14.2
Top 5 Percent	99.9	3.9	38.2	-10,713	29.9	27.2	-2.8	-9.2	19.6	17.0	-2.6	-13.2
Top 1 Percent	99.7	4.5	22.6	-31,674	32.4	29.3	-3.1	-9.4	22.3	19.3	-2.9	-13.1
Top 0.5 Percent	99.7	4.9	18.8	-52,582	33.4	30.1	-3.3	-9.8	23.0	19.8	-3.2	-13.8
Top 0.1 Percent	99.8	5.5	11.6	-163,250	35.4	31.8	-3.6	-10.1	24.0	20.5	-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.