

Table T05-0082: Rate Reductions for Qualifying Dividends
Distribution of Federal Tax Change by Cash Income Percentile, 2015¹

Cash Income Percentile ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.8	0.0	0.0	0.1	0	-0.1	0.0	0.5	0.0	4.2
Second Quintile	5.1	0.0	0.0	2.6	-10	-0.4	0.0	2.7	0.0	9.4
Middle Quintile	9.0	0.0	0.0	4.2	-16	-0.2	0.0	7.9	0.0	15.9
Fourth Quintile	19.2	0.0	0.1	14.3	-55	-0.3	0.0	17.9	-0.1	20.8
Top Quintile	36.7	0.0	0.2	78.8	-304	-0.4	0.0	70.9	-0.1	26.7
All	14.2	0.0	0.1	100.0	-77	-0.4	0.0	100.0	-0.1	22.7
Addendum										
Top 10 Percent	46.8	0.0	0.2	67.8	-522	-0.5	-0.1	54.3	-0.1	27.6
Top 5 Percent	52.7	0.0	0.2	57.4	-884	-0.5	-0.1	41.3	-0.2	28.1
Top 1 Percent	55.3	0.0	0.2	36.5	-2,814	-0.6	-0.1	22.8	-0.2	28.3
Top 0.5 Percent	55.5	0.0	0.3	29.8	-4,590	-0.6	0.0	18.2	-0.2	28.8
Top 0.1 Percent	59.4	0.0	0.3	18.7	-14,379	-0.7	0.0	10.8	-0.2	30.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2015¹

Cash Income Percentile ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ³ (Dollars)	Average Federal Tax Rate ⁴	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	32,037	19.6	11,594	481	11,113	4.2	2.6	3.2	0.5
Second Quintile	32,634	20.0	28,979	2,730	26,249	9.4	6.5	7.7	2.7
Middle Quintile	32,634	20.0	50,115	7,994	42,122	16.0	11.3	12.3	7.9
Fourth Quintile	32,628	20.0	86,642	18,053	68,588	20.8	19.6	20.1	17.9
Top Quintile	32,633	20.0	267,246	71,626	195,620	26.8	60.3	57.2	70.9
All	163,160	100.0	88,578	20,207	68,371	22.8	100.0	100.0	100.0
Addendum									
Top 10 Percent	16,316	10.0	395,730	109,882	285,848	27.8	44.7	41.8	54.4
Top 5 Percent	8,162	5.0	592,468	167,136	425,332	28.2	33.5	31.1	41.4
Top 1 Percent	1,632	1.0	1,618,465	461,222	1,157,242	28.5	18.3	16.9	22.8
Top 0.5 Percent	816	0.5	2,538,582	735,868	1,802,714	29.0	14.3	13.2	18.2
Top 0.1 Percent	163	0.1	7,244,911	2,188,135	5,056,776	30.2	8.2	7.4	10.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-1).

(1) Baseline includes making permanent the provisions in EGTRRA, JGTRRA, and WFTRA affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the standard deduction, 15-percent bracket, and EITC for married couples; pension and IRA provisions; reduction in rates for long-term capital gains; and expansion of student loan interest deduction (excludes other education provisions); as outlined in the Administration's Fiscal Year 2006 Budget Proposal. Note that the baseline does not extend AMT provisions or the saver's credit. Permanent repeal of the estate tax and the cuts in rates for qualifying dividends are also excluded. Proposal extends the rate cuts for qualifying dividends enacted by JGTRRA.

(2) Tax units with negative cash income are excluded from the lowest quintile 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 (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.