

Table T05-0270
EGTRRA, JGTRRA, and WFTRA Made Permanent
Distribution of Federal Tax Change by Cash Income Percentile, 2010 ¹

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	20.0	0.0	0.5	0.5	-42	-10.2	0.0	0.5	-0.4	3.9
Second Quintile	72.8	0.0	2.2	5.7	-462	-18.3	-0.3	2.6	-1.9	8.6
Middle Quintile	88.4	0.0	2.3	9.8	-801	-11.1	-0.2	8.1	-1.9	15.2
Fourth Quintile	95.8	0.0	2.2	15.2	-1,245	-8.1	0.3	17.9	-1.7	19.6
Top Quintile	93.4	0.0	3.5	68.5	-5,595	-9.1	0.2	70.9	-2.5	25.3
All	74.0	0.0	2.9	100.0	-1,635	-9.3	0.0	100.0	-2.2	21.5
Addendum										
Top 10 Percent	91.3	0.0	3.9	55.4	-9,049	-9.4	-0.1	54.8	-2.8	26.4
Top 5 Percent	91.0	0.0	4.5	46.9	-15,329	-10.3	-0.4	42.1	-3.1	27.1
Top 1 Percent	98.2	0.0	6.4	35.9	-58,620	-13.5	-1.1	23.7	-4.4	27.9
Top 0.5 Percent	98.5	0.0	7.0	30.4	-99,259	-14.2	-1.1	19.0	-4.7	28.4
Top 0.1 Percent	99.1	0.0	7.5	18.1	-296,406	-14.2	-0.6	11.3	-4.9	29.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2010 ¹

Cash Income Percentile ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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	30,240	19.6	9,537	410	9,127	4.3	2.5	3.2	0.5
Second Quintile	30,835	20.0	23,976	2,522	21,455	10.5	6.5	7.6	2.9
Middle Quintile	30,835	20.0	42,047	7,197	34,850	17.1	11.4	12.4	8.2
Fourth Quintile	30,831	20.0	72,549	15,430	57,119	21.3	19.7	20.3	17.6
Top Quintile	30,835	20.0	221,837	61,794	160,043	27.9	60.2	57.0	70.6
All	154,170	100.0	73,696	17,497	56,199	23.7	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,417	10.0	328,475	95,892	232,583	29.2	44.6	41.4	54.8
Top 5 Percent	7,708	5.0	492,486	148,985	343,501	30.3	33.4	30.6	42.6
Top 1 Percent	1,542	1.0	1,348,695	434,982	913,713	32.3	18.3	16.3	24.9
Top 0.5 Percent	771	0.5	2,117,197	701,146	1,416,051	33.1	14.4	12.6	20.0
Top 0.1 Percent	154	0.1	6,060,561	2,094,108	3,966,454	34.6	8.2	7.1	12.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

(1) Calendar year. Baseline is pre-EGTRRA law. Includes provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA), and the Working Families Tax Relief Act of 2004 (WFTRA) affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the AMT; the personal exemption phaseout (PEP); the limitation on itemized deductions (Pease); the standard deduction, 15-percent bracket, and EITC for married couples; tax rates on long-term capital gains and dividends; pension and IRA provisions; student loan interest deduction (excludes other education provisions); and estate tax exemption, rates, and state death tax credit. Assumes all non-AMT provisions, other than the saver's credit, are made permanent, as outlined in the Administration's FY2006 budget proposal.

(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.