

Table T05-0266
Rollback Top Two Individual Income Tax Rates
Distribution of Federal Tax Change by Cash Income Percentile, 2005¹

| 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 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.4 | 0.0 | 3.2 |
| Second Quintile | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 2.1 | 0.0 | 7.1 |
| Middle Quintile | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | -0.1 | 7.6 | 0.0 | 14.1 |
| Fourth Quintile | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | -0.3 | 17.1 | 0.0 | 18.3 |
| Top Quintile | 0.0 | 8.8 | -0.9 | 100.0 | 1,171 | 2.6 | 0.5 | 72.6 | 0.6 | 25.3 |
| All | 0.0 | 1.8 | -0.5 | 100.0 | 234 | 1.9 | 0.0 | 100.0 | 0.4 | 21.1 |
| Addendum | | | | | | | | | | |
| Top 10 Percent | 0.0 | 17.4 | -1.2 | 100.0 | 2,341 | 3.3 | 0.8 | 57.5 | 0.9 | 27.0 |
| Top 5 Percent | 0.0 | 34.3 | -1.6 | 99.8 | 4,674 | 4.2 | 1.0 | 45.6 | 1.1 | 28.5 |
| Top 1 Percent | 0.0 | 66.8 | -2.6 | 86.5 | 20,248 | 6.1 | 1.1 | 27.8 | 1.8 | 31.4 |
| Top 0.5 Percent | 0.0 | 72.5 | -2.9 | 75.4 | 35,324 | 6.5 | 1.0 | 22.6 | 2.0 | 32.4 |
| Top 0.1 Percent | 0.0 | 76.9 | -3.0 | 45.1 | 105,505 | 6.4 | 0.6 | 13.7 | 2.1 | 33.9 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2005¹

| 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 | 28,340 | 19.6 | 7,487 | 241 | 7,246 | 3.2 | 2.4 | 3.0 | 0.4 |
| Second Quintile | 28,910 | 20.0 | 19,134 | 1,365 | 17,769 | 7.1 | 6.3 | 7.4 | 2.2 |
| Middle Quintile | 28,916 | 20.0 | 34,409 | 4,843 | 29,565 | 14.1 | 11.4 | 12.3 | 7.7 |
| Fourth Quintile | 28,916 | 20.0 | 59,726 | 10,914 | 48,812 | 18.3 | 19.7 | 20.3 | 17.4 |
| Top Quintile | 28,914 | 20.0 | 183,278 | 45,162 | 138,116 | 24.6 | 60.5 | 57.5 | 72.1 |
| All | 144,573 | 100.0 | 60,566 | 12,528 | 48,038 | 20.7 | 100.0 | 100.0 | 100.0 |
| Addendum | | | | | | | | | |
| Top 10 Percent | 14,457 | 10.0 | 271,934 | 70,997 | 200,938 | 26.1 | 44.9 | 41.8 | 56.7 |
| Top 5 Percent | 7,228 | 5.0 | 408,681 | 111,740 | 296,940 | 27.3 | 33.7 | 30.9 | 44.6 |
| Top 1 Percent | 1,446 | 1.0 | 1,126,790 | 333,957 | 792,833 | 29.6 | 18.6 | 16.5 | 26.7 |
| Top 0.5 Percent | 723 | 0.5 | 1,774,411 | 540,165 | 1,234,246 | 30.4 | 14.7 | 12.9 | 21.6 |
| Top 0.1 Percent | 145 | 0.1 | 5,136,564 | 1,637,745 | 3,498,819 | 31.9 | 8.5 | 7.3 | 13.1 |

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

(1) Calendar year. Baseline is current law. Under the proposal, the top two statutory individual income tax rates would be rolled back to 36 and 39.6 percent from their current-law values of 33 and 35 percent.

(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.