

Table T05-0293
House Tax Relief Extension Reconciliation Act of 2005 (H.R. 4297 As Reported by the Committee on Ways and Means)
Fully-Phased In Impact of Major Provisions at 2006 Income Levels
Distribution of Federal Tax Change by Cash Income Class ¹

Cash Income Class (thousands of 2005 dollars) 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
Less than 10	12.8	0.0	0.1	0.1	-3	-1.5	0.0	0.2	-0.1	3.7
10-20	25.3	0.1	0.2	1.4	-24	-3.3	0.0	0.9	-0.2	4.7
20-30	35.1	0.1	0.2	2.0	-43	-1.7	0.0	2.7	-0.2	9.9
30-40	37.5	0.1	0.2	1.8	-50	-1.0	0.1	4.1	-0.1	14.3
40-50	50.0	0.1	0.2	2.2	-82	-1.1	0.1	4.7	-0.2	16.6
50-75	58.5	0.0	0.3	6.5	-135	-1.2	0.1	12.7	-0.2	18.4
75-100	68.4	0.1	0.4	7.3	-256	-1.4	0.1	11.4	-0.3	20.1
100-200	80.2	0.2	0.5	16.3	-471	-1.5	0.2	24.6	-0.4	22.9
200-500	92.3	0.0	0.7	13.9	-1,531	-2.0	0.0	15.7	-0.5	25.9
500-1,000	96.2	0.0	1.1	8.1	-5,346	-2.8	0.0	6.4	-0.8	26.7
More than 1,000	99.2	0.0	2.5	40.1	-50,984	-5.3	-0.5	16.3	-1.7	30.4
All	44.9	0.1	0.6	100.0	-300	-2.2	0.0	100.0	-0.5	20.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2006 ¹

Cash Income Class (thousands of 2005 dollars) 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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	18,886	12.9	5,743	217	5,527	3.8	1.2	1.4	0.2
10-20	25,413	17.4	15,208	737	14,471	4.8	4.2	5.1	1.0
20-30	20,374	13.9	25,206	2,548	22,658	10.1	5.6	6.4	2.6
30-40	15,429	10.5	35,525	5,136	30,388	14.5	5.9	6.5	4.0
40-50	11,963	8.2	45,636	7,673	37,963	16.8	5.9	6.3	4.7
50-75	21,121	14.4	62,649	11,685	50,964	18.7	14.4	14.8	12.6
75-100	12,455	8.5	87,930	17,923	70,007	20.4	11.9	12.0	11.4
100-200	15,196	10.4	136,287	31,641	104,645	23.2	22.5	21.9	24.4
200-500	3,988	2.7	292,415	77,324	215,091	26.4	12.7	11.8	15.7
500-1,000	668	0.5	690,594	189,885	500,709	27.5	5.0	4.6	6.5
More than 1,000	345	0.2	2,994,463	961,621	2,032,842	32.1	11.2	9.7	16.9
All	146,417	100.0	62,970	13,435	49,535	21.3	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (versions 0304-5 and 0305-3A).

(1) Calendar year. Provisions include: extend deduction of state and local general sales taxes; allow personal non-refundable credits against the regular tax and AMT, regardless of tentative AMT; extend credit for elective deferrals and IRA contributions ("Saver's Credit"); extend deduction for qualified tuition and related expenses; reduce the tax rate on qualifying dividends and long-term capital gains to 15 percent (the rate for individuals in the 10- and 15-percent brackets would be 0 percent); extend increase in Section 179 expensing; extend and modify the research credit. Baseline is current law without the provisions described above that are already in place for 2006.

(2) Tax units with negative cash income are excluded from the lowest income class 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.