

Table T05-0296
Senate Tax Relief Act of 2005 (S. 2020 as Passed by the Senate)
Fully-Phased In Impact of Major Provisions at 2006 Income Levels
Distribution of Federal Tax Change by Cash Income Percentile 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	15.5	0.0	0.1	0.4	-6	-2.4	0.0	0.4	-0.1	3.3
Second Quintile	30.5	0.0	0.2	2.0	-32	-2.1	0.0	2.3	-0.2	7.5
Middle Quintile	38.4	0.1	0.2	2.9	-47	-0.9	0.1	8.0	-0.1	14.3
Fourth Quintile	58.7	0.0	0.3	8.1	-133	-1.2	0.2	17.7	-0.2	18.4
Top Quintile	88.0	0.2	1.0	86.5	-1,418	-3.0	-0.4	71.4	-0.8	24.3
All	46.3	0.1	0.7	100.0	-328	-2.5	0.0	100.0	-0.5	20.5
Addendum										
Top 10 Percent	94.9	0.3	1.1	67.7	-2,220	-3.0	-0.3	55.9	-0.8	25.7
Top 5 Percent	97.4	0.5	1.0	47.7	-3,126	-2.7	-0.1	43.7	-0.7	26.8
Top 1 Percent	95.8	0.5	0.5	12.3	-4,036	-1.2	0.3	26.0	-0.4	28.9
Top 0.5 Percent	97.1	0.1	0.5	9.1	-5,983	-1.1	0.3	20.9	-0.3	29.7
Top 0.1 Percent	99.1	0.1	0.6	6.3	-20,718	-1.3	0.2	12.7	-0.4	31.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2006 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	28,703	19.6	7,923	267	7,656	3.4	2.5	3.0	0.4
Second Quintile	29,289	20.0	20,116	1,531	18,586	7.6	6.4	7.5	2.3
Middle Quintile	29,279	20.0	35,940	5,194	30,746	14.5	11.4	12.4	7.8
Fourth Quintile	29,283	20.0	62,270	11,596	50,674	18.6	19.8	20.4	17.5
Top Quintile	29,282	20.0	189,863	47,586	142,277	25.1	60.3	57.2	71.8
All	146,417	100.0	62,970	13,258	49,712	21.1	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,642	10.0	281,205	74,448	206,757	26.5	44.7	41.6	56.2
Top 5 Percent	7,323	5.0	421,832	116,205	305,627	27.6	33.5	30.8	43.8
Top 1 Percent	1,464	1.0	1,159,675	339,600	820,075	29.3	18.4	16.5	25.6
Top 0.5 Percent	732	0.5	1,825,082	547,033	1,278,050	30.0	14.5	12.9	20.6
Top 0.1 Percent	146	0.1	5,274,153	1,656,703	3,617,450	31.4	8.4	7.3	12.5

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; increase the individual alternative minimum tax (AMT) exemption to \$62,550 for married couples filing a joint return, \$42,500 for singles and heads of household, and \$31,275 for married individuals filing a separate return; 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; extend increase in Section 179 expensing; extend and modify the R&E 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 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.