

Table T06-0011
Option #2: 10% refundability above \$5,000, \$200 minimum credit
Distribution of Federal Tax Benefits by Cash Income Percentile, 2006¹

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 (%)	Under the Proposal	Change (%)	Under the Proposal
Lowest Quintile	11.2	0.0	0.6	42.8	-45	-16.8	-0.1	0.3	-0.6	2.8
Second Quintile	16.3	0.2	0.3	54.6	-56	-3.7	-0.1	2.2	-0.3	7.2
Middle Quintile	3.2	1.8	0.0	1.9	-2	0.0	0.0	7.8	0.0	14.4
Fourth Quintile	0.8	0.1	0.0	0.5	0	0.0	0.0	17.5	0.0	18.6
Top Quintile	0.1	0.0	0.0	0.0	0	0.0	0.1	72.0	0.0	25.1
All	6.3	0.4	0.0	100.0	-20	-0.2	0.0	100.0	0.0	21.0
Addendum										
Top 10 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	56.4	0.0	26.6
Top 5 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	44.0	0.0	27.6
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	25.7	0.0	29.4
Top 0.5 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	20.7	0.0	30.1
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	12.5	0.0	31.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2006¹

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 Percent of Total	Share of Post-Tax Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	28,703	19.6	7,923	265	7,658	3.3	2.5	3.0	0.4
Second Quintile	29,289	20.0	20,116	1,511	18,605	7.5	6.4	7.5	2.3
Middle Quintile	29,279	20.0	35,940	5,171	30,769	14.4	11.4	12.4	7.8
Fourth Quintile	29,283	20.0	62,270	11,578	50,692	18.6	19.8	20.4	17.5
Top Quintile	29,282	20.0	189,863	47,688	142,176	25.1	60.3	57.2	71.9
All	146,417	100.0	62,970	13,266	49,703	21.1	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,642	10.0	281,205	74,652	206,553	26.6	44.7	41.6	56.3
Top 5 Percent	7,323	5.0	421,832	116,582	305,250	27.6	33.5	30.7	44.0
Top 1 Percent	1,464	1.0	1,159,675	340,764	818,911	29.4	18.4	16.5	25.7
Top 0.5 Percent	732	0.5	1,825,082	548,813	1,276,269	30.1	14.5	12.8	20.7
Top 0.1 Percent	146	0.1	5,274,153	1,660,165	3,613,988	31.5	8.4	7.3	12.5

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

(1) Baseline is current law.

(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.