

Table T05-0268
Rollback Top Three Individual Income Tax Rates
Distribution of Federal Tax Change by Cash Income Percentile, 2005 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	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	-0.1	2.1	0.0	7.1
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.2	7.6	0.0	14.1
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.4	17.1	0.0	18.3
Top Quintile	0.0	18.6	-1.0	100.0	1,339	3.0	0.6	72.7	0.7	25.4
All	0.0	3.7	-0.6	100.0	268	2.1	0.0	100.0	0.4	21.1
Addendum										
Top 10 Percent	0.0	33.0	-1.3	99.4	2,663	3.8	0.9	57.6	1.0	27.1
Top 5 Percent	0.0	54.7	-1.8	97.5	5,222	4.7	1.1	45.7	1.3	28.6
Top 1 Percent	0.0	69.6	-2.7	78.3	20,981	6.3	1.1	27.7	1.9	31.5
Top 0.5 Percent	0.0	74.1	-2.9	67.4	36,101	6.7	1.0	22.5	2.0	32.5
Top 0.1 Percent	0.0	77.5	-3.0	39.7	106,317	6.5	0.6	13.6	2.1	34.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2005 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	28,340	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 three statutory individual income tax rates would be rolled back to 31, 36 and 39.6 percent from their current-law values of 28, 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.