

Table T05-0291
Extend Reduction in Rates for Long-Term Capital Gains and Qualifying Dividends
Distribution of Federal Tax Change by Cash Income Class, 2009¹

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	0.1	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	4.1
10-20	2.7	0.1	0.0	0.3	-3	-0.4	0.0	0.9	0.0	4.9
20-30	7.0	0.1	0.1	0.9	-12	-0.4	0.0	2.5	0.0	10.2
30-40	9.2	0.1	0.0	0.8	-14	-0.3	0.0	3.8	0.0	14.3
40-50	15.0	0.1	0.1	1.7	-36	-0.4	0.0	4.5	-0.1	16.9
50-75	22.7	0.0	0.1	4.8	-58	-0.5	0.1	12.2	-0.1	19.1
75-100	28.8	0.1	0.2	5.4	-108	-0.6	0.1	11.4	-0.1	20.8
100-200	43.0	0.0	0.2	14.6	-228	-0.7	0.1	25.9	-0.2	23.7
200-500	66.5	0.0	0.4	16.6	-981	-1.2	0.0	16.4	-0.3	26.6
500-1,000	75.2	0.0	0.7	9.7	-3,487	-1.7	0.0	6.4	-0.5	26.7
More than 1,000	81.4	0.0	1.5	45.3	-32,111	-3.3	-0.3	15.6	-1.0	30.7
All	17.0	0.1	0.3	100.0	-179	-1.2	0.0	100.0	-0.3	21.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2009¹

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- 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
Less than 10	17,648	11.6	6,114	250	5,864	4.1	1.0	1.2	0.2
10-20	24,935	16.4	16,310	809	15,502	5.0	3.8	4.6	0.9
20-30	21,329	14.0	26,905	2,756	24,149	10.2	5.4	6.1	2.5
30-40	16,192	10.6	37,827	5,438	32,389	14.4	5.7	6.3	3.8
40-50	12,649	8.3	48,604	8,230	40,373	16.9	5.7	6.1	4.4
50-75	22,144	14.6	66,781	12,778	54,003	19.1	13.8	14.3	12.1
75-100	13,571	8.9	93,832	19,624	74,208	20.9	11.9	12.0	11.4
100-200	17,352	11.4	146,036	34,869	111,167	23.9	23.6	23.0	25.8
200-500	4,607	3.0	311,070	83,561	227,509	26.9	13.4	12.5	16.4
500-1,000	755	0.5	735,630	199,915	535,715	27.2	5.2	4.8	6.4
More than 1,000	383	0.3	3,080,490	977,513	2,102,976	31.7	11.0	9.6	16.0
All	152,149	100.0	70,541	15,410	55,130	21.9	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current law. Provisions include: 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). Under current law for 2009, dividends are taxed at the same rates as ordinary income; long-term gains are generally subject to a 20-percent rate (10 percent for those in the 10- and 15-percent brackets).

(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.