

**Table 3. Extending the Reduction in Rates for Long-Term Capital Gains and Qualifying Dividends:
Distribution of Federal Tax Change by Cash Income Class, 2010¹**

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 (%) Under the Points)	Under the Proposal	Change (%) Under the Points)	Under the Proposal
Less than 10	0.1	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	4.2
10-20	2.7	0.0	0.0	0.3	-3	-0.4	0.0	0.8	0.0	5.0
20-30	7.3	0.0	0.1	1.0	-16	-0.6	0.0	2.5	-0.1	10.3
30-40	9.2	0.0	0.1	0.9	-18	-0.3	0.0	3.7	-0.1	14.4
40-50	14.6	0.0	0.1	1.6	-41	-0.5	0.0	4.4	-0.1	16.9
50-75	21.9	0.0	0.1	5.0	-72	-0.6	0.1	12.0	-0.1	19.3
75-100	28.8	0.0	0.2	5.3	-123	-0.6	0.1	11.4	-0.1	21.0
100-200	42.3	0.0	0.2	13.8	-247	-0.7	0.2	26.3	-0.2	23.9
200-500	66.6	0.0	0.5	16.3	-1,078	-1.3	0.0	16.7	-0.3	26.4
500-1,000	72.4	0.0	0.7	9.4	-3,835	-1.9	0.0	6.3	-0.5	25.9
More than 1,000	76.1	0.0	1.6	46.3	-36,611	-3.8	-0.4	15.5	-1.1	29.0
All	17.1	0.0	0.4	100.0	-209	-1.3	0.0	100.0	-0.3	21.6

**Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2010¹**

Cash Income Class (thousands of 2005 dollars) 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 Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Less than 10	17,298	11.2	6,190	257	5,933	4.2	0.9	1.2	0.2
10-20	24,828	16.1	16,653	830	15,824	5.0	3.6	4.4	0.8
20-30	21,679	14.1	27,490	2,834	24,657	10.3	5.3	6.0	2.5
30-40	16,440	10.7	38,628	5,573	33,056	14.4	5.6	6.1	3.7
40-50	12,893	8.4	49,638	8,446	41,192	17.0	5.6	6.0	4.4
50-75	22,442	14.6	68,192	13,202	54,990	19.4	13.5	13.9	11.9
75-100	13,870	9.0	95,865	20,228	75,638	21.1	11.7	11.8	11.3
100-200	18,051	11.7	149,322	35,877	113,444	24.0	23.7	23.1	26.1
200-500	4,875	3.2	317,752	84,856	232,896	26.7	13.6	12.8	16.7
500-1,000	794	0.5	752,123	198,731	553,392	26.4	5.3	5.0	6.4
More than 1,000	408	0.3	3,203,897	965,955	2,237,942	30.2	11.5	10.3	15.9
All	154,170	100.0	73,696	16,091	57,605	21.8	100.0	100.0	100.0

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

(1) 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 is 0 percent).

(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.