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Overall Tax Rates Have Flattened Sharply Under Bush

Total Federal, State & Local Rate on Richest Now Only Slightly Higher than on Middle Ranges

Combined federal, state and local taxes in 2004 will take only a slightly higher share of the income of the very richest Americans than the average for all other income groups, according to a new analysis released by Citizens for Tax Justice.

The figures, computed by the Institute on Taxation and Economic Policy using the ITEP Tax Model, show that combined federal, state and local taxes on the wealthiest one percent of Americans will equal 32.8 percent of income this year. For all other income groups, combined taxes will average 29.4 percent of income.

- The tax cuts enacted under President Bush have lowered the overall federal, state and local tax rate on the best-off one percent of taxpayers by 12 percent.
- For the poorest 20 percent of taxpayers, the Bush tax cuts have cut overall taxes by only 3 percent.
- For all other income groups, Bush's tax cuts have reduced overall federal, state and local taxes by between 7 and 8 percent.

Incomes and Federal, State & Local Taxes in 2004, Current & Pre-Bush Law

	Average cash income	Shares of		TAXES AS A % OF INCOME					Note: % ch due to Bush
		Total income	Total taxes now	Federal taxes now	State & local taxes now	Total taxes now	Total under pre-Bush law	Changes due to Bush	
Lowest 20%	\$ 10,400	3.4%	2.2%	7.9%	11.8%	19.7%	20.4%	-0.7%	-3%
Second 20%	21,200	7.0%	5.5%	11.4%	11.9%	23.3%	25.1%	-1.7%	-7%
Middle 20%	34,500	11.7%	10.5%	15.8%	11.2%	27.0%	29.0%	-2.0%	-7%
Fourth 20%	56,300	19.2%	19.0%	18.7%	11.0%	29.8%	31.9%	-2.1%	-7%
Next 15%	96,700	25.2%	26.5%	21.1%	10.5%	31.6%	34.3%	-2.7%	-8%
Next 4%	201,000	14.4%	15.3%	22.5%	9.7%	32.2%	35.0%	-2.9%	-8%
Top 1%	978,000	19.1%	20.8%	24.6%	8.2%	32.8%	37.1%	-4.3%	-12%
ALL	\$ 56,800	100.0%	100.0%	19.8%	10.3%	30.1%	32.8%	-2.7%	-8%
Addendum:									
Bottom 99%	\$ 47,500	81.0%	79.1%	18.6%	10.8%	29.4%	31.7%	-2.3%	-7%

Notes:

1. Taxes include all federal, state & local taxes (personal and corporate income, payroll, property, sales, excise, estate etc.).
2. For calculations of income shares and taxes as a % of income, income includes employer-paid FICA taxes (allocated to workers) and corporate profits net of taxable dividends (allocated by capital ownership), neither of which is included in the average cash income figures shown.

Source: Institute on Taxation and Economic Policy Tax Model, April 2004 (preliminary)

Citizens for Tax Justice, April 2004.