Committee on Ways and Means

Tax Burdens of Lower Income Households 2000-2003

- Federal income taxes paid by households in the lower half of the income distribution declined from \$38.3 billion in 2000 (prior to Bush tax cuts) to \$25.9 billion in 2003.
- The share of total tax burden has declined from 3.9 percent to 3.5 percent for the lowest 50 percent of households by income.
- The top 10 percent of taxpayers by income paid 66 percent of all federal income taxes in 2003 while the lowest 50 percent of tax filers paid less than 4 percent.
- The average tax rate of taxpayers between the 40-60th income percentile declined from 7.5 percent in 2000 to 5.4 percent in 2003.
- There were 67.7 million tax filers with adjusted gross income (AGI) of less than \$30,000 in 2003. 35.2 million (52 percent) of these tax returns had no tax liability.

| Year | | Γax burden of taxpayers in bottom half | | Tax returns | Percent of |
|------|--------------|--|----------------|-------------|-------------|
| | | of income distribution | | with tax | Returns |
| | | Federal income taxes | Share of total | liability | without tax |
| | | paid (\$ billion) | tax burden | (millions) | liability |
| 2000 | Pre-Bush | \$38.3 | 3.91% | 104.7 | 19.0% |
| 2001 | 2001 Tax Cut | \$35.2 | 3.97% | 97.6 | 25.1% |
| 2002 | | \$27.9 | 3.50% | 94.2 | 27.6% |
| 2003 | 2003 Tax Cut | \$25.9 | 3.46% | 92.5 | 29.2% |

Source: Statistics of Income (SOI), IRS.

