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## **Bush Tax Cuts Saved President \$26,000 in 2005 Vice-President's Taxes Were Cut by \$1.1 Million**

On Good Friday, April 14, 2006, President Bush and Vice-President Cheney released their federal income tax returns for 2005. An analysis by Citizens for Tax Justice of the White House figures shows:

- Due to the 2001-05 Bush tax cuts, the President's 2005 income tax was reduced by \$26,204.
- The President's income tax rate was 25.4 percent of his reported income. Without his tax-cut legislation, he would have paid 29.0 percent.
- Vice-President Dick Cheney's 2005 income tax bill was reduced by \$1,093,937 due to the Bush tax cuts.
- The Vice-President's income tax rate was only 5.7 percent of his \$9.1 million reported income. Without the Bush tax cuts, he would have paid 17.7 percent.

President Bush's \$26,000 tax cut stemmed from both the lower regular tax rates and his reduction in the top tax rate on dividends from 39.6 percent to 15 percent.

Vice-President Cheney's \$1.1 million tax cut in part reflected the lower regular tax rates and the 15 percent tax rate on capital gains and dividends. Cheney also was able to take an additional \$2.5 million in itemized deductions due to a tax-law change signed by Bush in 2005, which was ostensibly designed to encourage charitable donations to the victims of Hurricane Katrina.

Normally, charitable deductions cannot offset more than half of a taxpayer's adjusted gross income. (Unused deductions can be carried forward for possible use in later years.) A special rule for 2005, however, allows unlimited charitable deductions if made after August 27, the date of the Katrina disaster. The law does not require that these donations be linked in any way to hurricane relief.

None of Cheney's charitable donations went to hurricane victims. Instead, they went to the Washington, D.C. hospital that takes care of his heart condition, the University of Wyoming (his alma mater), and Capital Partners for Education, which helps low-income Washington, D.C. students pay private school tuition.

Tables showing the tax figures released by the White House, as analyzed by Citizens for Tax Justice, follow.

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## George W. & Laura Bush's 2005 Federal Income Taxes

	<b>Bush law</b>	<b>Prior law</b>
<b>Total Reported Income</b>	<b>\$ 738,880</b>	<b>\$ 738,880</b>
Less: adjustments	<u>3,700</u>	<u>3,700</u>
Adjusted gross income	735,180	735,180
Less: itemized deductions	<u>116,486</u>	<u>116,486</u>
Total taxable income	618,694	618,694
Less: qualified dividends	<u>13,758</u>	<u>na</u>
Taxable income without qualified dividends (if applicable)	604,936	na
Tax thereon	185,790	214,058
Plus: tax on qualified dividends (if applicable)	<u>2,064</u>	<u>na</u>
<b>Total Income Tax</b>	<b>\$ 187,854</b>	<b>\$ 214,058</b>
<b>2005 tax cut from Bush tax cut program</b>	<b>\$ -26,204</b>	
<b>Addendum: income tax as % of total income</b>	<b>25.4%</b>	<b>29.0%</b>

Source: White House, April 14, 2006, with CTJ calculations.

## Dick & Lynne Cheney's 2005 Federal Income Taxes

	<b>Bush law</b>	<b>Prior law</b>
<b>Total Reported Income</b>	<b>\$ 9,120,960</b>	<b>\$ 9,120,960</b>
Less: tax-exempt interest	<u>296,198</u>	<u>296,198</u>
Tax return "total income"	8,824,762	8,824,762
Less: adjustments	<u>5,756</u>	<u>5,756</u>
Adjusted gross income	8,819,006	8,819,006
Less: itemized deductions	<u>6,857,849</u>	<u>4,393,319</u>
Total taxable income	1,961,157	4,425,688
Less:		
Long-term capital gains	563,281	563,281
Qualified dividends	<u>152,620</u>	<u>na</u>
Taxable income without long-term capital gains & qualified dividends (if applicable)	1,245,256	3,862,407
Tax thereon	409,902	1,498,568
Plus: tax on long-term capital gains & qualified dividends (if applicable)	<u>107,385</u>	<u>112,656</u>
<b>Total Income Tax</b>	<b>\$ 517,287</b>	<b>\$ 1,611,224</b>
<b>2005 tax cut from Bush tax cut program</b>	<b>\$ -1,093,937</b>	
<b>Addendum: income tax as % of total income</b>	<b>5.7%</b>	<b>17.7%</b>

Source: White House, April 14, 2006, with CTJ calculations.