

Table T07-0096
Increase EITC Phase-In Rate to 45 Percent for Filers with Three or More Qualifying Children
Distribution of Federal Tax Change by Cash Income Class, 2007¹

Cash Income Class (thousands of 2006 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 5	0.7	0.0	0.1	0.5	-1	-0.6	0.0	0.1	-0.1	7.9
5-10	1.5	0.0	0.1	3.9	-5	-1.8	0.0	0.1	-0.1	3.4
10-15	1.9	0.0	0.1	9.1	-10	-2.4	0.0	0.2	-0.1	3.0
15-20	2.9	0.0	0.1	14.4	-17	-1.8	0.0	0.5	-0.1	5.2
20-25	3.1	0.0	0.1	14.0	-18	-0.9	0.0	1.0	-0.1	8.3
25-30	3.9	0.0	0.1	14.9	-23	-0.8	0.0	1.3	-0.1	10.7
30-35	4.9	0.0	0.1	16.1	-28	-0.7	0.0	1.6	-0.1	12.7
35-40	4.4	0.0	0.1	12.9	-26	-0.4	0.0	1.9	-0.1	15.0
40-45	4.6	0.0	0.1	10.5	-22	-0.3	0.0	2.2	-0.1	16.1
45-50	1.3	0.0	0.0	2.0	-5	-0.1	0.0	2.1	0.0	16.9
50-75	0.2	0.0	0.0	1.5	-1	0.0	0.0	11.6	0.0	18.6
75-100	0.0	0.0	0.0	0.1	0	0.0	0.0	11.0	0.0	20.4
100-200	0.0	0.0	0.0	0.0	0	0.0	0.0	24.9	0.0	23.4
200-500	0.0	0.0	0.0	0.0	0	0.0	0.0	16.3	0.0	26.7
500-1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	6.7	0.0	27.5
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	18.4	0.0	32.1
All	1.8	0.0	0.0	100.0	-10	-0.1	0.0	100.0	0.0	21.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2007¹

Cash Income Class (thousands of 2006 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	
Less than 5	7,166	4.8	2,103	168	1,935	8.0	0.2	0.2	0.1
5-10	11,442	7.7	7,951	271	7,680	3.4	0.9	1.1	0.1
10-15	13,411	9.0	12,743	397	12,346	3.1	1.7	2.1	0.3
15-20	12,350	8.3	17,845	947	16,899	5.3	2.2	2.7	0.5
20-25	11,029	7.4	22,927	1,929	20,998	8.4	2.6	3.0	1.0
25-30	9,195	6.2	28,015	3,029	24,986	10.8	2.6	3.0	1.3
30-35	8,080	5.4	33,130	4,246	28,884	12.8	2.7	3.0	1.6
35-40	7,164	4.8	38,291	5,750	32,541	15.0	2.8	3.0	1.9
40-45	6,725	4.5	43,365	6,984	36,381	16.1	2.9	3.2	2.2
45-50	5,432	3.6	48,453	8,210	40,243	16.9	2.7	2.8	2.1
50-75	21,294	14.3	62,764	11,703	51,061	18.7	13.5	14.0	11.6
75-100	13,139	8.8	88,142	17,964	70,178	20.4	11.7	11.9	11.0
100-200	16,685	11.2	137,212	32,132	105,080	23.4	23.1	22.6	24.9
200-500	4,475	3.0	293,234	78,193	215,041	26.7	13.2	12.4	16.3
500-1,000	756	0.5	692,259	190,498	501,761	27.5	5.3	4.9	6.7
More than 1,000	396	0.3	3,113,319	999,283	2,114,036	32.1	12.4	10.8	18.4
All	149,332	100.0	66,439	14,416	52,023	21.7	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

Number of AMT Taxpayers (millions). Baseline: 23.4 Proposal: 23.4

(1) Calendar year. Baseline is current law. Proposal increases the EITC phase-in rate to 45 percent for filers with three or more qualifying children; it does not affect the addition to the phase-out threshold for joint returns or any other EITC parameters not shown.

(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.