

Table T07-0098
Reset Child Tax Credit Refundability Threshold to \$10,000
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	0.1	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	8.0
5-10	0.1	0.0	0.0	0.2	0	-0.1	0.0	0.1	0.0	3.4
10-15	11.8	0.0	0.2	22.6	-24	-6.0	0.0	0.2	-0.2	2.9
15-20	17.7	0.0	0.2	36.2	-41	-4.4	0.0	0.5	-0.2	5.1
20-25	11.3	0.0	0.1	21.2	-27	-1.4	0.0	1.0	-0.1	8.3
25-30	6.7	0.0	0.1	9.8	-15	-0.5	0.0	1.3	-0.1	10.8
30-35	4.3	0.0	0.0	5.6	-10	-0.2	0.0	1.6	0.0	12.8
35-40	1.6	0.0	0.0	1.9	-4	-0.1	0.0	1.9	0.0	15.0
40-45	1.0	0.0	0.0	1.0	-2	0.0	0.0	2.2	0.0	16.1
45-50	0.5	0.0	0.0	0.5	-1	0.0	0.0	2.1	0.0	16.9
50-75	0.2	0.0	0.0	0.6	0	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	32.0
All	4.2	0.0	0.0	100.0	-9	-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 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 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	3,028	24,987	10.8	2.6	3.0	1.3
30-35	8,080	5.4	33,130	4,245	28,884	12.8	2.7	3.0	1.6
35-40	7,164	4.8	38,291	5,749	32,542	15.0	2.8	3.0	1.9
40-45	6,725	4.5	43,365	6,983	36,381	16.1	2.9	3.2	2.2
45-50	5,432	3.6	48,453	8,207	40,246	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	17,963	70,179	20.4	11.7	11.9	11.0
100-200	16,685	11.2	137,212	32,135	105,076	23.4	23.1	22.6	24.9
200-500	4,475	3.0	293,234	78,161	215,072	26.7	13.2	12.4	16.3
500-1,000	756	0.5	692,259	190,119	502,140	27.5	5.3	4.9	6.7
More than 1,000	396	0.3	3,113,319	996,202	2,117,116	32.0	12.4	10.8	18.4
All	149,332	100.0	66,439	14,405	52,034	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.