

**Table T07-0184**  
**Increase Childless EITC Phase-in and Phase-out Rates to 15.3% and Increase Phase-out Threshold to \$10,700**  
**Assuming No Change in Filing Behavior**  
**Distribution of Federal Tax Change by Cash Income Class, 2008<sup>1</sup>**

| Cash Income Class<br>(thousands of 2006<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                      | Percent<br>Change in<br>After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes              |                       | Average Federal Tax<br>Rate <sup>5</sup> |                       |
|--|-----------------------------------|----------------------|--|---|----------------------------|---------|-------------------------------------|-----------------------|--|-----------------------|
|  | With Tax Cut                      | With Tax<br>Increase |  |   | Dollars                    | Percent | Change (%)<br>Under the<br>Proposal | Under the<br>Proposal | Change (%)<br>Under the<br>Proposal      | Under the<br>Proposal |
|  |                                   |                      |  |   |                            |         |                                     |                       |  |                       |
| Less than 10   | 12.6                              | 0.0                  | 0.8  | 33.4                                    | -47                        | -19.7   | 0.0                                 | 0.2                   | -0.8                                     | 3.3                   |
| 10-20  | 13.9                              | 0.0                  | 0.4  | 59.2                                    | -59                        | -8.8    | -0.1                                | 0.7                   | -0.4                                     | 3.9                   |
| 20-30  | 1.5                               | 0.0                  | 0.0  | 4.5                                     | -6                         | -0.2    | 0.0                                 | 2.2                   | 0.0                                      | 9.4                   |
| 30-40  | 0.6                               | 0.0                  | 0.0  | 1.3                                     | -2                         | 0.0     | 0.0                                 | 3.4                   | 0.0                                      | 13.7                  |
| 40-50  | 0.3                               | 0.0                  | 0.0  | 0.4                                     | -1                         | 0.0     | 0.0                                 | 4.2                   | 0.0                                      | 16.5                  |
| 50-75  | 0.1                               | 0.0                  | 0.0  | 0.3                                     | 0                          | 0.0     | 0.0                                 | 11.3                  | 0.0                                      | 18.7                  |
| 75-100   | 0.1                               | 0.0                  | 0.0  | 0.1                                     | 0                          | 0.0     | 0.0                                 | 10.9                  | 0.0                                      | 20.5                  |
| 100-200  | 0.0                               | 0.0                  | 0.0  | 0.0                                     | 0                          | 0.0     | 0.0                                 | 25.3                  | 0.0                                      | 23.5                  |
| 200-500  | 0.1                               | 0.0                  | 0.0  | 0.0                                     | 0                          | 0.0     | 0.0                                 | 16.7                  | 0.0                                      | 26.7                  |
| 500-1,000  | 0.0                               | 0.0                  | 0.0  | 0.0                                     | 0                          | 0.0     | 0.0                                 | 6.7                   | 0.0                                      | 27.3                  |
| More than 1,000  | 0.0                               | 0.0                  | 0.0  | 0.0                                     | 0                          | 0.0     | 0.0                                 | 18.4                  | 0.0                                      | 31.0                  |
| All  | 4.2                               | 0.0                  | 0.0  | 100.0                                   | -17                        | -0.1    | 0.0                                 | 100.0                 | 0.0                                      | 21.7                  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Class, 2008<sup>1</sup>**

| Cash Income Class<br>(thousands of 2006<br>dollars) <sup>2</sup> | Tax Units <sup>3</sup> |                     | Average<br>Income<br>(Dollars) | Average<br>Federal Tax<br>Burden<br>(Dollars) | Average After-<br>Tax Income <sup>4</sup><br>(Dollars) | Average<br>Federal Tax<br>Rate <sup>5</sup> | Share of Pre-<br>Tax Income<br>Percent of<br>Total | Share of Post-<br>Tax Income<br>Percent of<br>Total | Share of<br>Federal Taxes<br>Percent of<br>Total |
|--|------------------------|---------------------|--------------------------------|---|--|---|--|---|--|
|  | Number<br>(thousands)  | Percent of<br>Total |                                |   |  |   |  |   |  |
|  |                        |                     |                                |   |  |   |  |   |  |
| Less than 10   | 18,164                 | 12.0                | 5,810                          | 236   | 5,574  | 4.1   | 1.0  | 1.2   | 0.2  |
| 10-20  | 25,275                 | 16.8                | 15,564                         | 671   | 14,893   | 4.3   | 3.7  | 4.6   | 0.7  |
| 20-30  | 20,401                 | 13.5                | 25,811                         | 2,439   | 23,373   | 9.5   | 5.0  | 5.8   | 2.2  |
| 30-40  | 15,452                 | 10.2                | 36,328                         | 4,988   | 31,340   | 13.7  | 5.3  | 5.9   | 3.4  |
| 40-50  | 12,430                 | 8.2                 | 46,686                         | 7,697   | 38,989   | 16.5  | 5.5  | 5.9   | 4.2  |
| 50-75  | 21,580                 | 14.3                | 64,226                         | 11,987  | 52,239   | 18.7  | 13.2   | 13.7  | 11.3   |
| 75-100   | 13,470                 | 8.9                 | 90,172                         | 18,450  | 71,722   | 20.5  | 11.5   | 11.7  | 10.9   |
| 100-200  | 17,502                 | 11.6                | 140,584                        | 33,040  | 107,543  | 23.5  | 23.3   | 22.8  | 25.3   |
| 200-500  | 4,784                  | 3.2                 | 299,277                        | 79,781  | 219,496  | 26.7  | 13.6   | 12.7  | 16.7   |
| 500-1,000  | 793                    | 0.5                 | 707,298                        | 192,745                                       | 514,553  | 27.3  | 5.3  | 5.0   | 6.7  |
| More than 1,000  | 421                    | 0.3                 | 3,228,212                      | 1,001,998                                     | 2,226,214  | 31.0  | 12.9   | 11.4  | 18.4   |
| All  | 150,867                | 100.0               | 69,872                         | 15,177  | 54,695   | 21.7  | 100.0  | 100.0   | 100.0  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 26.4 Proposal: 26.4

Number of childless EITC recipients (millions). Baseline: 4.3 Proposal: 6.4

(1) Calendar year. Baseline is current law. Proposal increases the phase-in and phase-out rates for the childless earned income tax credit to 15.3 percent and increases the phase-out threshold to \$10,700 in 2008 (indexed for inflation). Estimates assume no change in filing behavior as a result of the credit expansion.

(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 but excludes those that are dependents of other tax units.

(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.