

Table T07-0186
Increase Childless EITC Phase-in and Phase-out Rates to 15.3% and Increase Phase-out Threshold to \$10,700
Assuming All Eligible Tax Units File to Claim the Credit
Distribution of Federal Tax Change by Cash Income Class, 2008¹

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 (%) Under the Proposal	Under the Proposal	Change (%) Under the Proposal	Under the Proposal
Less than 10	14.6	0.0	1.1	33.5	-60	-25.3	-0.1	0.1	-1.0	3.0
10-20	15.4	0.0	0.5	55.9	-72	-10.7	-0.1	0.7	-0.5	3.9
20-30	2.1	0.0	0.1	6.6	-11	-0.4	0.0	2.2	0.0	9.4
30-40	1.0	0.0	0.0	2.5	-5	-0.1	0.0	3.4	0.0	13.7
40-50	0.4	0.0	0.0	0.5	-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	18.5	0.0	31.0
All	4.8	0.0	0.0	100.0	-22	-0.1	0.0	100.0	0.0	21.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2008¹

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 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: 7.2

(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 that all tax units eligible for the credit file to claim it even if they do not currently file.

(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.