

**Table T07-0187**  
**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, 2008<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	15.9	0.0	1.0	70.7	-78	-26.2	-0.1	0.3	-0.9	2.6
Second Quintile	7.2	0.0	0.1	24.2	-26	-1.6	0.0	2.1	-0.1	7.3
Middle Quintile	0.9	0.0	0.0	4.0	-4	-0.1	0.0	7.4	0.0	14.5
Fourth Quintile	0.1	0.0	0.0	0.5	0	0.0	0.0	17.0	0.0	19.0
Top Quintile	0.0	0.0	0.0	0.1	0	0.0	0.1	73.0	0.0	25.9
All	4.8	0.0	0.0	100.0	-22	-0.1	0.0	100.0	0.0	21.7
<b>Addendum</b>										
Top 10 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	57.5	0.0	27.2
Top 5 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	45.2	0.0	28.3
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	26.9	0.0	29.8
Top 0.5 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	21.9	0.0	30.4
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	13.6	0.0	31.8

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

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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								
Lowest Quintile	29,579	19.6	8,477	296	8,181	3.5	2.4	2.9	0.4	
Second Quintile	30,169	20.0	21,597	1,610	19,987	7.5	6.2	7.3	2.1	
Middle Quintile	30,172	20.0	38,857	5,646	33,211	14.5	11.1	12.1	7.4	
Fourth Quintile	30,178	20.0	67,869	12,890	54,979	19.0	19.4	20.1	17.0	
Top Quintile	30,174	20.0	213,996	55,309	158,687	25.9	61.3	58.0	72.9	
All	150,867	100.0	69,872	15,177	54,695	21.7	100.0	100.0	100.0	
<b>Addendum</b>										
Top 10 Percent	15,087	10.0	319,874	87,082	232,792	27.2	45.8	42.6	57.4	
Top 5 Percent	7,543	5.0	484,800	136,940	347,860	28.3	34.7	31.8	45.1	
Top 1 Percent	1,509	1.0	1,367,765	407,038	960,727	29.8	19.6	17.6	26.8	
Top 0.5 Percent	754	0.5	2,177,643	662,932	1,514,711	30.4	15.6	13.8	21.8	
Top 0.1 Percent	151	0.1	6,480,962	2,060,038	4,420,924	31.8	9.3	8.1	13.6	

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) The cash income percentile breaks used in this table are (in 2006 dollars): 20% \$14,385, 40% \$27,645, 60% \$48,311, 80% \$85,905, 90% \$126,802, 95% \$179,038, 99% \$437,351, 99.5% \$683,621, 99.9% \$2,001,713.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) 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.

(6) 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.