

## T06-0327

**Tax Benefits of the Deduction for Higher Education Expenses:  
By Adjusted Gross Income Class, 2005<sup>1</sup>**

Adjusted Gross Income Class (thousands of current dollars) <sup>2</sup>	All Tax Units <sup>3</sup>		Tax Units with Benefit <sup>4</sup>			Tax Benefits		Benefit as Percent of After- Tax Income <sup>6</sup>		Average Tax Benefit	
	Number (thousands)	Percent of Total	Number (thousands)	Percent of Total	Percent within Class <sup>5</sup>	Dollars (millions)	Percent of Total	All Tax Units	Tax Units with Benefit	All Tax Units	Tax Units with Benefit
<b>Less than 10</b>	35,016	24.1	332	8.5	0.9	5	0.4	0.01	0.3	0	15
<b>10-20</b>	23,171	15.9	592	15.2	2.6	63	5.1	0.02	0.8	3	107
<b>20-30</b>	18,169	12.5	433	11.1	2.4	79	6.4	0.02	0.9	4	182
<b>30-40</b>	13,599	9.4	247	6.3	1.8	68	5.5	0.02	1.0	5	274
<b>40-50</b>	10,747	7.4	306	7.8	2.8	139	11.3	0.04	1.3	13	454
<b>50-75</b>	18,350	12.6	603	15.4	3.3	162	13.2	0.02	0.6	9	268
<b>75-100</b>	10,839	7.5	650	16.6	6.0	325	26.5	0.05	0.7	30	500
<b>100-200</b>	11,036	7.6	745	19.1	6.7	388	31.6	0.04	0.6	35	522
<b>200-500</b>	2,675	1.8	0	0.0	0.0	0	0.0	0.00	0.0	0	0
<b>500-1,000</b>	423	0.3	0	0.0	0.0	0	0.0	0.00	0.0	0	0
<b>More than 1,000</b>	216	0.1	0	0.0	0.0	0	0.0	0.00	0.0	0	0
<b>All</b>	145,321	100.0	3,908	100.0	2.7	1,229	100.0	0.02	0.7	8	314

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-5).

- (1) Calendar year. Benefits of the deduction for higher education expenses are measured as the value of expenses deducted multiplied by the marginal rate in the taxpayer's current tax bracket.
- (2) Tax units with negative adjusted gross income are excluded from the lowest income class but are included in the totals.
- (3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.
- (4) Tax units with benefit includes only those tax units that deduct higher education expenses.
- (5) Percent of tax units within each adjusted gross income class that receives a tax benefit from the deduction for higher education expenses.
- (6) After-tax income is adjusted gross income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.