

Table T09-0015
Repeal Age Limitations on Childless EITC Under President-elect Obama's Plan, Tax Units 25-64 Years of Age
Distribution of Federal Tax Change by Cash Income Level, 2009 ¹
Summary Table

| Cash Income Level (thousands of 2008 dollars) ² | Percent of Tax Units ³ | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change (\$) | Average Federal Tax Rate ⁵ | |
|--|-----------------------------------|----------------------|--|---|---------------------------------------|---------------------------------------|-----------------------|
| | With Tax Cut | With Tax Increase | | | | Change (%) Points) | Under the Proposal |
| Less than 10 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 3.8 |
| 10-20 | 0.0 | 0.2 | 0.0 | 10.0 | 0 | 0.0 | 3.6 |
| 20-30 | 0.0 | 0.6 | 0.0 | 45.4 | 2 | 0.0 | 9.3 |
| 30-40 | 0.0 | 0.4 | 0.0 | 23.8 | 1 | 0.0 | 13.8 |
| 40-50 | 0.0 | 0.3 | 0.0 | 12.8 | 1 | 0.0 | 16.8 |
| 50-75 | 0.0 | 0.1 | 0.0 | 8.0 | 0 | 0.0 | 19.2 |
| 75-100 | 0.0 | 0.0 | 0.0 | 0.1 | 0 | 0.0 | 20.6 |
| 100-200 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 23.4 |
| 200-500 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 26.4 |
| 500-1,000 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 26.7 |
| More than 1,000 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 30.0 |
| All | 0.0 | 0.2 | 0.0 | 100.0 | 0 | 0.0 | 22.4 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

Support for these estimates was provided by the AARP Public Policy Institute.

(1) Calendar year. Baseline is President-elect Obama's expansion of the childless EITC fully phased in. Obama's plan increases the value of the childless credit by raising the maximum value of the credit to \$550 by 2012 (\$520 in 2009 dollars). The proposal removes the age limits on childless EITC eligibility and assumes that non-taxable social security benefits are included in AGI for the purposes of determining the phase-out of the childless EITC. Tax units under the age of 25 are ineligible for the childless EITC if they are full time students. Married filing joint tax units are ineligible if both are under the age of 25 and both are full time students. Age refers to age of the head of the tax unit.

(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.

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Repeal Age Limitations on Childless EITC Under President-elect Obama's Plan, Tax Units 25-64 Years of Age
Distribution of Federal Tax Change by Cash Income Level, 2009¹
Detail Table

| Cash Income Level (thousands of 2008 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 10 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.1 | 0.0 | 3.8 |
| 10-20 | 0.0 | 0.2 | 0.0 | 10.0 | 0 | 0.1 | 0.0 | 0.4 | 0.0 | 3.6 |
| 20-30 | 0.0 | 0.6 | 0.0 | 45.4 | 2 | 0.1 | 0.0 | 1.5 | 0.0 | 9.3 |
| 30-40 | 0.0 | 0.4 | 0.0 | 23.8 | 1 | 0.0 | 0.0 | 2.7 | 0.0 | 13.8 |
| 40-50 | 0.0 | 0.3 | 0.0 | 12.8 | 1 | 0.0 | 0.0 | 3.6 | 0.0 | 16.8 |
| 50-75 | 0.0 | 0.1 | 0.0 | 8.0 | 0 | 0.0 | 0.0 | 10.3 | 0.0 | 19.2 |
| 75-100 | 0.0 | 0.0 | 0.0 | 0.1 | 0 | 0.0 | 0.0 | 10.7 | 0.0 | 20.6 |
| 100-200 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 27.1 | 0.0 | 23.4 |
| 200-500 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.7 | 0.0 | 26.4 |
| 500-1,000 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 7.1 | 0.0 | 26.7 |
| More than 1,000 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.8 | 0.0 | 30.0 |
| All | 0.0 | 0.2 | 0.0 | 100.0 | 0 | 0.0 | 0.0 | 100.0 | 0.0 | 22.4 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2009¹

| Cash Income Level (thousands of 2008 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 | Share of Post- Tax Income | Share of Federal Taxes |
|--|------------------------|---------------------|--------------------------------|--|--|---|-----------------------------|------------------------------|---------------------------|
| | Number (thousands) | Percent of Total | | | | | Percent of Total | Percent of Total | |
| Less than 10 | 9,930 | 9.2 | 5,451 | 205 | 5,247 | 3.8 | 0.6 | 0.8 | 0.1 |
| 10-20 | 13,554 | 12.6 | 15,239 | 545 | 14,695 | 3.6 | 2.3 | 2.9 | 0.4 |
| 20-30 | 12,669 | 11.8 | 25,468 | 2,361 | 23,108 | 9.3 | 3.6 | 4.3 | 1.5 |
| 30-40 | 10,738 | 10.0 | 35,649 | 4,913 | 30,735 | 13.8 | 4.3 | 4.8 | 2.7 |
| 40-50 | 9,186 | 8.5 | 45,838 | 7,706 | 38,132 | 16.8 | 4.7 | 5.1 | 3.6 |
| 50-75 | 16,972 | 15.8 | 63,095 | 12,093 | 51,002 | 19.2 | 12.1 | 12.6 | 10.3 |
| 75-100 | 11,600 | 10.8 | 88,954 | 18,315 | 70,639 | 20.6 | 11.6 | 11.9 | 10.7 |
| 100-200 | 16,662 | 15.5 | 138,276 | 32,336 | 105,940 | 23.4 | 26.0 | 25.6 | 27.1 |
| 200-500 | 4,598 | 4.3 | 290,021 | 76,491 | 213,530 | 26.4 | 15.0 | 14.3 | 17.7 |
| 500-1,000 | 765 | 0.7 | 694,801 | 185,481 | 509,320 | 26.7 | 6.0 | 5.7 | 7.1 |
| More than 1,000 | 387 | 0.4 | 3,211,157 | 964,222 | 2,246,935 | 30.0 | 14.0 | 12.6 | 18.8 |
| All | 107,627 | 100.0 | 82,458 | 18,476 | 63,982 | 22.4 | 100.0 | 100.0 | 100.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

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