

Table T10-0268
Making Work Pay Credit versus Social Security Tax Cut
Baseline: Current Policy
Comparison of Benefits by Cash Income Percentile, 2011 ¹

Cash Income Percentile ^{2,3}	Tax Units (thousands) ⁴	Units Benefiting from Provision				Average Benefit, Among Units Benefiting (Dollars)	
		Making Work Pay Credit		Social Security Tax Cut		Making Work Pay Credit	Social Security Tax Cut
		Number (thousands)	Percent	Number (thousands)	Percent		
Lowest Quintile	38,689	26,154	67.6	26,154	67.6	370	176
Second Quintile	34,791	26,754	76.9	26,754	76.9	467	438
Middle Quintile	31,468	26,716	84.9	26,716	84.9	517	783
Fourth Quintile	26,224	23,261	88.7	23,497	89.6	617	1,331
Top Quintile	23,017	13,994	60.8	20,692	89.9	648	2,249
All	155,368	117,303	75.5	124,294	80.0	508	928
Addendum							
80-90	11,632	9,003	77.4	10,411	89.5	752	1,994
90-95	5,600	4,144	74.0	5,146	91.9	453	2,453
95-99	4,610	751	16.3	4,108	89.1	474	2,533
Top 1 Percent	1,173	89	7.6	1,021	87.0	634	2,662
Top 0.1 Percent	118	4	3.0	104	87.8	759	2,695

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-6).

(1) Baseline is current policy, which extends the 2001 and 2003 individual income tax cuts, indexes the AMT exemption, tax bracket threshold, and exemption phase-out threshold for inflation, allows personal nonrefundable credits regardless of tentative AMT, and extends 2009 estate tax law (\$3.5 million exemption and 45 percent rate). Social security tax cut reduces the OASDI tax rate on employees to 4.2%.

(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 classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2009 dollars): 20% 17878, 40% 34929, 60% 64051, 80% 104588, 90% 168991, 95% 212858, 99%

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