

Table T10-0279
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)		Units with Higher Benefit from			
		Making Work Pay Credit		Social Security Tax Cut		Making Work Pay Credit	Social Security Tax Cut	Making Work Pay Credit		Social Security Tax Cut	
		Number (thousands)	Percent	Number (thousands)	Percent			Number (thousands)	Benefit Difference	Number (thousands)	Benefit Difference
Lowest Quintile	38,677	26,135	67.6	25,379	65.6	371	178	25,981	201	152	330
Second Quintile	34,812	26,768	76.9	25,950	74.5	467	442	13,921	193	12,704	132
Middle Quintile	31,428	26,698	85.0	25,694	81.8	517	788	6,331	228	20,339	388
Fourth Quintile	26,265	23,285	88.7	22,911	87.2	616	1,330	3,294	287	20,203	844
Top Quintile	23,007	13,977	60.7	20,426	88.8	648	2,246	1,167	279	19,403	1,914
All	155,368	117,362	75.5	120,846	77.8	508	934	51,063	210	72,929	876
Addendum											
80-90	11,619	8,995	77.4	10,259	88.3	752	1,995	832	289	9,525	1,464
90-95	5,605	4,142	73.9	5,072	90.5	453	2,447	223	258	4,886	2,167
95-99	4,610	750	16.3	4,078	88.5	474	2,526	93	248	3,993	2,496
Top 1 Percent	1,173	89	7.6	1,017	86.6	635	2,647	19	226	999	2,642
Top 0.1 Percent	118	4	3.0	104	87.5	746	2,679	1	343	103	2,680

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7).

(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% 17873, 40% 34896, 60% 63871, 80% 104551, 90% 168883, 95% 212885, 99% 564422, 99.9% 2378619.

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