

T11-0227

**Tax Units without Income Tax Liability Due to Addition of Tax Expenditure Provisions in 2011:
by Specific Tax Expenditure Provisions (Taken in Order Shown) That Eliminate Tax Liability**

Cash Income Level (thousands of 2011 dollars)	All Units without Income Tax Due to Tax Expenditures	Elderly Tax Benefits ¹	Credits for Children and Working Poor ²	Exclusion of Other Cash Transfers ³	ATL Deductions and Tax- Exempt Interest ⁴	Itemized Deductions ⁵	Education Credits ⁶	Other Credits ⁷	Reduced Rates on Capital Gains and Dividends ⁸
<i>Number of Units (thousands)</i>									
Less than 10	53	0	6	47	0	0	0	0	0
10-20	12,845	9,151	1,378	874	450	204	519	251	19
20-30	10,223	4,462	3,846	508	244	252	605	230	76
30-40	6,719	1,494	3,729	297	282	289	328	171	128
40-50	4,095	1,234	1,745	186	285	266	207	115	56
50-75	2,814	275	743	267	429	551	311	146	92
75-100	710	30	56	66	141	237	120	13	47
100-200	345	13	5	17	90	91	29	34	65
200-500	49	2	0	1	15	12	1	5	12
500-1,000	13	4 ⁺	2 ⁺	*	3	3	*	*	1
More than 1,000	3	0	0	0	2	1	0	*	1
All	37,870	16,665	11,510	2,263	1,942	1,907	2,120	965	497
<i>Percent of All Units without Income Tax Liability Due to Tax Expenditures⁹</i>									
Less than 10	100.0	0.0	10.9	89.1	0.0	0.0	0.0	0.0	0.0
10-20	100.0	71.2	10.7	6.8	3.5	1.6	4.0	2.0	0.2
20-30	100.0	43.6	37.6	5.0	2.4	2.5	5.9	2.2	0.7
30-40	100.0	22.2	55.5	4.4	4.2	4.3	4.9	2.5	1.9
40-50	100.0	30.1	42.6	4.6	7.0	6.5	5.0	2.8	1.4
50-75	100.0	9.8	26.4	9.5	15.3	19.6	11.0	5.2	3.3
75-100	100.0	4.2	7.9	9.3	19.8	33.4	16.9	1.8	6.7
100-200	100.0	3.8	1.5	4.9	26.1	26.4	8.5	9.9	18.9
200-500	100.0	4.7	0.0	1.7	30.7	24.2	2.3	11.0	25.3
500-1,000	100.0	31.7	11.7	0.4	22.0	25.7	1.1	3.1	4.3
More than 1,000	100.0	0.0	0.0	0.0	49.5	23.1	0.0	2.2	25.1
All	100.0	44.0	30.4	6.0	5.1	5.0	5.6	2.5	1.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

^{*} Fewer than 500 tax units⁺ These figures are anomalous because "cash income" includes rollovers to IRAs, which places some units with otherwise much lower incomes in high income classes.¹ The extra standard deduction for the elderly, the exclusion of Social Security benefits in excess of the return of previously taxed contributions (which is assumed to be 15 percent of all beneficiaries), and the tax credit for the elderly.² The child tax credit, the child and dependent care tax credit and the earned income tax credit.³ Exclusion from income tax for cash transfers (other than unemployment benefits and Social Security benefits), including SSI, TANF, workers' comp, disability and energy assistance.⁴ Allowance of all above-the-line deductions except deductions for costs of earning income (educator expenses, certain expenses of reservists, moving expenses, penalty for early withdrawal of savings, alimony paid), and the exemption of interest on state and local bonds.⁵ Allowance of all itemized deductions except deductions for costs of earning income (job expenses and certain miscellaneous expenses subject to a 2 percent of AGI floor); gambling losses would be included but are not available on the tax return data file available to TPC for constructing its microsimulation model.⁶ The American opportunity and lifetime learning credits.⁷ All other credits (except the foreign tax credit), including the savers' and general business credits.⁸ The special rate of zero on capital gains and qualified dividends that would otherwise be taxed at 10 percent or 15 percent. The special rate of 15 percent that applies to capital gains and qualified dividends that would otherwise be taxed at rates above 15 percent can also eliminate tax liability in combination with excess credits from the preceding steps.⁹ Computed from unrounded counts of tax units

NOTE: Units with negative incomes are not shown separately but are included in the line for All units.