

Table T11-0396
Comparing a Doubled Making Work Pay Credit with the Social Security Tax Cut
Baseline: Current Policy
Comparison of Benefits by Cash Income Level, 2012 ¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units (thousands) ³	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
Less than 10	23,145	13,936	60.2	13,455	58.1	357	118	13,927	244	10	483
10-20	28,071	15,601	55.6	15,128	53.9	695	255	15,571	449	30	369
20-30	20,804	15,738	75.7	15,302	73.6	826	408	15,684	432	54	234
30-40	17,402	14,233	81.8	13,700	78.7	909	566	14,101	370	132	221
40-50	13,820	11,906	86.2	11,465	83.0	975	718	8,752	412	3,154	76
50-75	20,095	17,368	86.4	16,727	83.2	1,093	977	9,706	518	7,663	312
75-100	14,158	12,448	87.9	12,211	86.2	1,230	1,332	6,352	376	6,131	546
100-200	19,099	15,281	80.0	17,079	89.4	1,354	2,025	2,989	507	14,250	1,081
200-500	6,052	1,714	28.3	5,476	90.5	761	2,520	258	524	5,227	2,417
500-1,000	1,034	100	9.7	907	87.7	1,216	2,677	41	542	867	2,686
More than 1,000	516	24	4.7	451	87.4	1,267	2,716	10	503	441	2,720
All	165,201	118,740	71.9	122,274	74.0	927	920	87,755	401	37,983	990

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

(1) Calendar year. Baseline is current policy. Social security tax cut reduces the OASDI tax rate on employees to 4.2%. Making work pay credit is twice as large as the credit in effect in 2009 and 2010 and equals 6.2% of earnings up to \$800 (\$1,600 for couples--both values twice the 2009-10 limits) phased out at AGI of \$75,000 to \$95,000 (\$150,000 to \$190,000 for couples filing jointly). Benefit is a reduction in tax liability of \$1 or greater. For a description of TPC's current law and current policy baselines, see

<http://www.taxpolicycenter.org/T11-0270>

(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.