

Table T11-0397
Comparing a Doubled Making Work Pay Credit with the Social Security Tax Cut
Baseline: Current Policy
Comparison of Benefits by Cash Income Percentile, 2012 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	43,663	24,327	55.7	23,534	53.9	484	165	24,296	325	31	391
Second Quintile	37,050	28,051	75.7	27,235	73.5	835	420	27,951	430	101	261
Middle Quintile	32,849	27,701	84.3	26,670	81.2	981	735	20,330	425	7,371	143
Fourth Quintile	27,060	23,841	88.1	23,361	86.3	1,206	1,280	12,202	427	11,821	538
Top Quintile	23,575	14,430	61.2	21,100	89.5	1,296	2,253	2,612	505	18,634	1,618
All	165,201	118,740	71.9	122,274	74.0	927	920	87,755	401	37,983	990
Addendum											
80-90	11,894	9,359	78.7	10,563	88.8	1,480	2,003	2,004	509	8,660	962
90-95	5,764	4,225	73.3	5,244	91.0	941	2,441	370	468	4,911	1,833
95-99	4,723	753	15.9	4,236	89.7	1,011	2,530	198	524	4,046	2,487
Top 1 Percent	1,193	94	7.8	1,056	88.5	1,271	2,701	40	499	1,018	2,706
Top 0.1 Percent	122	3	2.6	107	87.3	1,060	2,705	2	689	105	2,725

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) 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 2011 dollars): 20% \$17,130, 40% \$34,174, 60% \$62,042, 80% \$104,401, 90% \$169,059, 95% \$216,085, 99% \$569,944, 99.9% \$2,474,273.

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