

**Table T05-0238. Earned Income Tax Credit  
Distribution of Federal Tax Benefits by Cash Income Percentile, 2005<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Benefits	Average Federal Tax Benefit		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Benefit	Without Tax Benefit			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Lowest Quintile	27.6	72.4	6.1	28.6	-416	-63.2	-0.6	0.4	-5.6	3.2
Second Quintile	26.4	73.6	4.3	51.6	-736	-34.8	-1.1	2.2	-3.9	7.2
Middle Quintile	21.0	79.0	0.9	19.0	-271	-5.3	-0.3	7.8	-0.8	14.2
Fourth Quintile	0.7	99.4	0.0	0.5	-8	-0.1	0.4	17.5	0.0	18.4
Top Quintile	0.1	99.9	0.0	0.1	-1	0.0	1.6	72.0	0.0	24.7
All	15.1	84.9	0.6	100.0	-285	-2.2	0.0	100.0	-0.5	20.7
<b>Addendum</b>										
Top 10 Percent	0.0	100.0	0.0	0.0	-1	0.0	1.3	56.5	0.0	26.1
Top 5 Percent	0.1	100.0	0.0	0.0	-1	0.0	1.0	44.4	0.0	27.3
Top 1 Percent	0.0	100.0	0.0	0.0	0	0.0	0.6	26.6	0.0	29.6
Top 0.5 Percent	0.0	100.0	0.0	0.0	0	0.0	0.5	21.5	0.0	30.4
Top 0.1 Percent	0.0	100.0	0.0	0.0	0	0.0	0.3	13.0	0.0	31.9

**Baseline Distribution of Income and Federal Taxes  
by Cash Income Percentile, 2005<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>3</sup> (Dollars)	Average Federal Tax Rate <sup>4</sup>	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	28,340	19.6	7,487	658	6,829	8.8	2.4	2.8	1.0
Second Quintile	28,910	20.0	19,134	2,115	17,020	11.1	6.3	7.1	3.3
Middle Quintile	28,916	20.0	34,409	5,157	29,252	15.0	11.4	12.3	8.0
Fourth Quintile	28,916	20.0	59,726	10,989	48,736	18.4	19.7	20.4	17.1
Top Quintile	28,914	20.0	183,278	45,189	138,089	24.7	60.5	57.9	70.4
All	144,573	100.0	60,566	12,843	47,722	21.2	100.0	100.0	100.0
<b>Addendum</b>									
Top 10 Percent	14,457	10.0	271,934	70,958	200,977	26.1	44.9	42.1	55.3
Top 5 Percent	7,228	5.0	408,681	111,613	297,068	27.3	33.7	31.1	43.5
Top 1 Percent	1,446	1.0	1,126,790	333,459	793,331	29.6	18.6	16.6	26.0
Top 0.5 Percent	723	0.5	1,774,411	539,390	1,235,020	30.4	14.7	12.9	21.0
Top 0.1 Percent	145	0.1	5,136,564	1,636,678	3,499,886	31.9	8.5	7.3	12.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-2).

(1) Baseline is current law without the earned income tax credit (EITC). Proposal allows the EITC in its current law form.

(2) Tax units with negative cash income are excluded from the lowest quintile 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. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.