

**Table T05-0241**  
**Earned Income Tax Credit (EITC) Options**  
**Static Impact on Individual Income Tax Liability and Revenue (\$ billions), 2005-15<sup>1</sup>**

	Year												
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2005-15	
<b>Fiscal Year Revenue<sup>2</sup></b>													
<b>Option 1: Make EGTRRA Provisions Permanent<sup>3</sup></b>	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-1.9	-1.8	-1.8	-1.8	-1.8	-7.7
<b>Option 2: Option 1 Plus Extend Point at Which Credit is Phased Out by 10 Percent<sup>4</sup></b>	-0.7	-3.4	-3.5	-3.6	-3.7	-3.8	-4.3	-5.7	-5.8	-5.8	-5.9	-5.9	-46.2
<b>Option 3: Option 1 Plus Option 2 for Married Couples Only<sup>5</sup></b>	-0.3	-1.4	-1.4	-1.4	-1.4	-1.4	-1.7	-3.0	-3.0	-2.9	-2.8	-2.8	-20.6
<b>Option 4: Option 1 Plus Third Tier of EITC for those with 3 or more children<sup>6</sup></b>	-0.6	-2.9	-2.9	-2.8	-2.8	-2.8	-3.1	-4.4	-4.4	-4.4	-4.4	-4.4	-35.3
<b>Calendar Year Liability</b>													
<b>Option 1: Make EGTRRA Provisions Permanent</b>	0.0	0.0	0.0	0.0	0.0	0.0	-1.9	-1.8	-1.8	-1.8	-1.8	-1.8	-9.2
<b>Option 2: Option 1 Plus Extend Point at Which Credit is Phased Out by 10 Percent</b>	-3.4	-3.5	-3.6	-3.7	-3.8	-3.9	-5.7	-5.7	-5.8	-5.9	-6.0	-6.0	-50.9
<b>Option 3: Option 1 Plus Option 2 for Married Couples Only</b>	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4	-3.0	-3.0	-2.9	-2.8	-2.8	-2.8	-22.8
<b>Option 4: Option 1 Plus Third Tier of EITC for those with 3 or more children</b>	-2.8	-2.9	-2.8	-2.8	-2.8	-2.7	-4.4	-4.4	-4.4	-4.4	-4.4	-4.4	-38.8

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

(1) Baseline is current law.

(2) Fiscal-year revenue numbers assume a 20-80 split. The actual effect on receipts could differ.

(3) Provisions include: increase beginning point of the phaseout by \$3,000 for married couples filing a joint return, indexed for inflation after 2008; repeal reduction in EITC due to AMT liability; use AGI instead of modified AGI in calculation of EITC.

(4) Proposal reduces the EITC phasedown rates to ensure the credit is completely phased out at an income level that is 10 percent higher than under current law, effective 01/01/05. For single and head of household filers, the rates would be 6.24 percent, 13.47 percent, and 18.02 percent for 0 children, 1 child, and 2 or more children, respectively. For married couples filing a joint return, the rates would be 6.05, 13.34, and 17.87 for 2005 through 2007 and 5.96, 13.27, and 17.8 percent for 2008 and thereafter.

(5) Proposal reduces the EITC phasedown rates to ensure the credit is completely phased out at an income level that is 10 percent higher than under current law, for married couples filing a joint return only, effective 01/01/05. For 2005 through 2007, the new phasedown rates would be 6.05, 13.34, and 17.87 percent for 0 children, 1 child, and 2 or more children respectively. For 2008 and thereafter, the rates would be 5.96, 13.27, and 17.8 percent.

(6) The phase-in rate for 3 or more children would be 50 percent; the other parameters would be the same as for 2 or more children under current law. Proposal is effective 01/01/05.