

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T21-0009R
Reduce the eligible age for the childless EITC from 25 to 19
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2021 ¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	Tax Units with Tax Increase or Cut ⁴				Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut		With Tax Increase					Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Change (\$)	Pct of Tax Units	Avg Tax Change (\$)					
Lowest Quintile	5.0	-370	0.0	0	0.1	97.1	-20	-0.1	2.4
Second Quintile	0.2	-290	0.0	0	0.0	2.7	*	0.0	6.8
Middle Quintile	*	**	0.0	0	0.0	0.1	0	0.0	12.0
Fourth Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	15.8
Top Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	23.3
All	1.4	-370	0.0	0	0.0	100.0	-10	0.0	18.0
Addendum									
80-90	0.0	0	0.0	0	0.0	0.0	0	0.0	19.0
90-95	0.0	0	0.0	0	0.0	0.0	0	0.0	21.0
95-99	0.0	0	0.0	0	0.0	0.0	0	0.0	23.2
Top 1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	29.1
Top 0.1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	29.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0920-1).

Number of AMT Taxpayers (millions). Baseline: 0.1 Proposal: 0.1

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place as of October 26, 2020. Proposal would reduce the lower age limit for the childless EITC from 25 to 19.

We assume that 50% of current law non-filing childless earners would begin filing to take the expanded the EITC, rising to 60% by 2025; EITC takeup among single filers with no children would increase to 70.2% in 2020 (91% by 2024); and EITC takeup among married filers with no children would increase to 74.2% in 2020 (79% by 2024.)

These tables were revised to correct an error that increased take-up of the EITC among tax units with filers outside the 19-25 age range.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The 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 2019 dollars): 20% \$24,500; 40% \$49,100; 60% \$87,700; 80% \$158,100; 90% \$231,800; 95% \$328,700; 99% \$768,800; 99.9% \$3,364,100.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

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