

Table T07-0097
Increase EITC Phase-In Rate to 45 Percent for Filers with Three or More Qualifying Children
Distribution of Federal Tax Change by Cash Income Percentile, 2007

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Lowest Decile	1.0	0.0	0.1	2.4	-2	-1.1	0.0	0.1	-0.1	4.6
Second Decile	1.8	0.0	0.1	8.8	-8	-2.5	0.0	0.2	-0.1	2.9
Third Decile	2.8	0.0	0.1	16.6	-16	-1.8	0.0	0.6	-0.1	5.0
Fourth Decile	3.3	0.0	0.1	19.8	-19	-0.9	0.0	1.5	-0.1	8.8
Fifth Decile	4.6	0.0	0.1	28.4	-27	-0.7	0.0	2.7	-0.1	12.3
Sixth Decile	4.0	0.0	0.1	21.6	-21	-0.3	0.0	4.7	-0.1	15.9
Seventh Decile	0.4	0.0	0.0	1.6	-1	0.0	0.0	6.9	0.0	17.9
Eighth Decile	0.1	0.0	0.0	0.7	-1	0.0	0.0	10.0	0.0	19.5
Ninth Decile	0.0	0.0	0.0	0.1	0	0.0	0.0	15.4	0.0	21.5
Top Decile	0.0	0.0	0.0	0.0	0	0.0	0.0	57.6	0.0	27.4
All	1.8	0.0	0.0	100.0	-10	-0.1	0.0	100.0	0.0	21.7
Addendum										
Top 5 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	45.4	0.0	28.6
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	27.2	0.0	30.5
Top 0.5 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	22.1	0.0	31.3
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	13.7	0.0	32.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2007¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Lowest Decile	14,382	9.6	4,602	213	4,389	4.6	0.7	0.8	0.1
Second Decile	14,891	10.0	11,427	340	11,086	3.0	1.7	2.1	0.2
Third Decile	14,932	10.0	17,255	869	16,386	5.0	2.6	3.2	0.6
Fourth Decile	14,934	10.0	23,787	2,115	21,671	8.9	3.6	4.2	1.5
Fifth Decile	14,933	10.0	31,945	3,958	27,987	12.4	4.8	5.4	2.8
Sixth Decile	14,931	10.0	42,197	6,722	35,475	15.9	6.4	6.8	4.7
Seventh Decile	14,930	10.0	55,642	9,978	45,664	17.9	8.4	8.8	6.9
Eighth Decile	14,936	10.0	74,073	14,450	59,623	19.5	11.2	11.5	10.0
Ninth Decile	14,933	10.0	103,253	22,231	81,022	21.5	15.5	15.6	15.4
Top Decile	14,933	10.0	302,839	83,024	219,815	27.4	45.6	42.3	57.6
All	149,332	100.0	66,439	14,416	52,023	21.7	100.0	100.0	100.0
Addendum									
Top 5 Percent	7,465	5.0	458,039	130,927	327,111	28.6	34.5	31.4	45.4
Top 1 Percent	1,493	1.0	1,284,199	391,660	892,538	30.5	19.3	17.2	27.2
Top 0.5 Percent	747	0.5	2,037,114	637,892	1,399,222	31.3	15.3	13.5	22.1
Top 0.1 Percent	149	0.1	6,011,426	1,977,780	4,033,647	32.9	9.1	7.8	13.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

Number of AMT Taxpayers (millions). Baseline 23.4 Proposal: 23.4

(1) Calendar year. Baseline is current law. Proposal increases the EITC phase-in rate to 45 percent for filers with three or more qualifying children; it does not affect the addition to the phase-c threshold for joint returns or any other EITC parameters not shown.

(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, s

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

(3) For the income levels at each quintile and the top income percentiles used in this table, s

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

(4) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis

(5) 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.

(6) 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.