

Table T07-0099
Reset Child Tax Credit Refundability Threshold to \$10,000
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	0.1	0.0	0.0	0.1	0	-0.1	0.0	0.1	0.0
Second Decile	7.5	0.0	0.1	14.4	-14	-4.0	0.0	0.2	-0.1	2.9
Third Decile	17.8	0.0	0.3	44.3	-42	-4.8	0.0	0.6	-0.2	4.8
Fourth Decile	10.5	0.0	0.1	26.2	-25	-1.2	0.0	1.5	-0.1	8.8
Fifth Decile	4.6	0.0	0.0	11.2	-11	-0.3	0.0	2.7	0.0	12.4
Sith Decile	1.1	0.0	0.0	2.6	-2	0.0	0.0	4.7	0.0	15.9
Seventh Decile	0.3	0.0	0.0	0.7	-1	0.0	0.0	6.9	0.0	17.9
Eighth Decile	0.1	0.0	0.0	0.2	0	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	4.2	0.0	0.0	100.0	-9	-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	28.5
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	27.1	0.0	30.4
Top 0.5 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	22.1	0.0	31.2
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	13.7	0.0	32.8

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	11,087	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	21,672	8.9	3.6	4.2	1.5	
Fifth Decile	14,933	10.0	31,945	3,957	27,987	12.4	4.8	5.4	2.8	
Sith Decile	14,931	10.0	42,197	6,720	35,477	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	14,449	59,623	19.5	11.2	11.5	10.0	
Ninth Decile	14,933	10.0	103,253	22,234	81,020	21.5	15.5	15.6	15.4	
Top Decile	14,933	10.0	302,839	82,914	219,925	27.4	45.6	42.3	57.6	
All	149,332	100.0	66,439	14,405	52,034	21.7	100.0	100.0	100.0	
Addendum										
Top 5 Percent	7,465	5.0	458,039	130,707	327,331	28.5	34.5	31.5	45.4	
Top 1 Percent	1,493	1.0	1,284,199	390,603	893,595	30.4	19.3	17.2	27.1	
Top 0.5 Percent	747	0.5	2,037,114	635,997	1,401,118	31.2	15.3	13.5	22.1	
Top 0.1 Percent	149	0.1	6,011,426	1,971,558	4,039,869	32.8	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.