

Table T07-0256
Tax Benefits of the Lifetime Learning Credit
Distribution of Federal Tax Change by Cash Income Percentile, 2012¹

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as Percent of After-Tax Income ⁵	Share of Total Benefits	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	As Percent of Tax	With Credit	Without Credit	With Credit	Without Credit
Lowest Quintile	0.5	99.5	0.0	3.0	2	0.5	0.0	0.4	0.0	4.1
Second Quintile	1.7	98.3	0.1	22.6	14	0.6	0.0	2.6	0.1	9.8
Middle Quintile	3.0	97.0	0.1	35.9	22	0.3	0.0	7.9	0.1	16.9
Fourth Quintile	3.1	96.9	0.0	30.7	19	0.1	0.0	17.5	0.0	21.5
Top Quintile	1.2	98.8	0.0	7.8	5	0.0	0.0	71.5	0.0	28.4
All	1.9	98.1	0.0	100.0	12	0.1	0.0	100.0	0.0	24.1
Addendum										
Top 10 Percent	0.1	99.9	0.0	0.5	1	0.0	0.0	55.6	0.0	29.7
Top 5 Percent	0.0	100.0	0.0	0.1	0	0.0	0.0	43.3	0.0	30.8
Top 1 Percent	0.1	100.0	0.0	0.0	0	0.0	0.0	25.5	0.0	33.1
Top 0.5 Percent	0.0	100.0	0.0	0.0	0	0.0	0.0	20.6	0.0	34.0
Top 0.1 Percent	0.0	100.0	0.0	0.0	0	0.0	0.0	12.5	0.0	35.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2012¹

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	
Lowest Quintile	31,119	19.6	10,095	414	9,681	4.1	2.5	3.1	0.4
Second Quintile	31,722	20.0	25,330	2,472	22,858	9.8	6.4	7.6	2.6
Middle Quintile	31,712	20.0	44,783	7,523	37,259	16.8	11.2	12.3	7.9
Fourth Quintile	31,717	20.0	78,049	16,754	61,296	21.5	19.6	20.3	17.5
Top Quintile	31,715	20.0	241,886	68,568	173,318	28.4	60.7	57.3	71.5
All	158,578	100.0	79,703	19,177	60,526	24.1	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,856	10.0	358,861	106,622	252,239	29.7	45.0	41.7	55.6
Top 5 Percent	7,929	5.0	538,583	166,114	372,469	30.8	33.8	30.8	43.3
Top 1 Percent	1,586	1.0	1,478,477	488,875	989,602	33.1	18.6	16.4	25.5
Top 0.5 Percent	793	0.5	2,325,676	791,391	1,534,285	34.0	14.6	12.7	20.6
Top 0.1 Percent	159	0.1	6,696,821	2,404,178	4,292,642	35.9	8.4	7.1	12.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 20.9 Alternative: 20.7

(1) Calendar year. Baseline is current law. Alternative repeals the Lifetime Learning credit.

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

(3) The cash income percentile breaks used in this table are (in 2006 dollars): 20% \$15,627, 40% \$29,408, 60% \$50,800, 80% \$90,807, 90% \$134,424, 95% \$189,379, 99% \$453,936, 99.5% \$707,475, and 99.9% \$2,023,951.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(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.