

Table T09-0018
Repeal Age Limitations on Childless EITC Under President-elect Obama's Plan, Tax Units Under 25 Years of Age
Distribution of Federal Tax Change by Cash Income Percentile, 2009¹
Summary Table

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 (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Lowest Quintile	31.5	0.0	1.5	96.4	-127	-1.3	8.2
Second Quintile	6.6	0.0	0.0	3.3	-8	0.0	14.5
Middle Quintile	0.1	0.0	0.0	0.0	0	0.0	19.5
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	21.3
Top Quintile	0.0	0.0	0.0	0.0	0	0.0	26.2
All	18.8	0.0	0.3	100.0	-70	-0.3	17.2
Addendum							
80-90	0.0	0.0	0.0	0.0	0	0.0	24.0
90-95	0.0	0.0	0.0	0.0	0	0.0	25.9
95-99	0.0	0.0	0.0	0.0	0	0.0	25.5
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	27.8
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	31.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

Support for these estimates was provided by the AARP Public Policy Institute.

(1) Calendar year. Baseline is President-elect Obama's expansion of the childless EITC fully phased in. Obama's plan increases the value of the childless credit by raising the maximum value of the credit to \$550 by 2012 (\$520 in 2009 dollars). The proposal removes the age limits on childless EITC eligibility and assumes that non-taxable social security benefits are included in AGI for the purposes of determining the phase-out of the childless EITC. Tax units under the age of 25 are ineligible for the childless EITC if they are full time students. Married filing joint tax units are ineligible if both are under the age of 25 and both are full time students. Age refers to age of the head of the tax unit.

(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 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 2008 dollars): 20% \$18,981, 40% \$37,595, 60% \$66,354, 80% \$111,645, 90% \$160,972, 95% \$226,918, 99% \$603,402, 99.9% \$2,871,682.

(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.

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Detail Table

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 (%) Under the Proposal	Under the Proposal	Change (%) Under the Proposal	Under the Proposal
Lowest Quintile	31.5	0.0	1.5	96.4	-127	-13.9	-1.3	9.3	-1.3	8.2
Second Quintile	6.6	0.0	0.0	3.3	-8	-0.2	0.3	25.5	0.0	14.5
Middle Quintile	0.1	0.0	0.0	0.0	0	0.0	0.4	27.2	0.0	19.5
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.2	12.7	0.0	21.3
Top Quintile	0.0	0.0	0.0	0.0	0	0.0	0.4	25.2	0.0	26.2
All	18.8	0.0	0.3	100.0	-70	-1.5	0.0	100.0	-0.3	17.2
Addendum										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.1	4.9	0.0	24.0
90-95	0.0	0.0	0.0	0.0	0	0.0	0.0	2.9	0.0	25.9
95-99	0.0	0.0	0.0	0.0	0	0.0	0.1	5.6	0.0	25.5
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.2	11.8	0.0	27.8
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	6.5	0.0	31.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2009¹

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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	7,977	53.4	9,641	913	8,728	9.5	19.6	21.5	10.7
Second Quintile	4,316	28.9	27,393	3,984	23,409	14.5	30.2	31.2	25.2
Middle Quintile	1,887	12.6	49,646	9,683	39,964	19.5	23.9	23.3	26.8
Fourth Quintile	476	3.2	83,935	17,899	66,035	21.3	10.2	9.7	12.5
Top Quintile	200	1.3	321,885	84,416	237,470	26.2	16.5	14.7	24.8
All	14,933	100.0	26,236	4,573	21,663	17.4	100.0	100.0	100.0
Addendum									
80-90	103	0.7	132,589	31,771	100,818	24.0	3.5	3.2	4.8
90-95	39	0.3	191,815	49,704	142,111	25.9	1.9	1.7	2.9
95-99	43	0.3	339,426	86,701	252,725	25.5	3.8	3.4	5.5
Top 1 Percent	14	0.1	2,000,887	555,214	1,445,673	27.8	7.3	6.4	11.6
Top 0.1 Percent	1	0.0	9,960,810	3,177,308	6,783,502	31.9	3.5	2.9	6.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

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