

Table T09-0020
Repeal Age Limitations on Childless EITC Under President-elect Obama's Plan, Tax Units 65 and Older
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	4.8	0.0	0.2	78.0	-19	-0.2	2.4
Second Quintile	3.1	0.2	0.0	22.3	-7	0.0	5.6
Middle Quintile	0.2	0.3	0.0	-1.2	1	0.0	10.2
Fourth Quintile	0.1	0.0	0.0	0.5	0	0.0	14.8
Top Quintile	0.0	0.0	0.0	0.0	0	0.0	25.8
All	2.3	0.1	0.0	100.0	-8	0.0	19.1
Addendum							
80-90	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	21.6
95-99	0.0	0.0	0.0	0.0	0	0.0	25.3
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	30.5
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	32.6

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 (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	4.8	0.0	0.2	78.0	-19	-6.0	0.0	0.7	-0.2	2.4
Second Quintile	3.1	0.2	0.0	22.3	-7	-0.5	0.0	2.5	0.0	5.6
Middle Quintile	0.2	0.3	0.0	-1.2	1	0.0	0.0	6.5	0.0	10.2
Fourth Quintile	0.1	0.0	0.0	0.5	0	0.0	0.0	13.5	0.0	14.8
Top Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	76.8	0.0	25.8
All	2.3	0.1	0.0	100.0	-8	-0.1	0.0	100.0	0.0	19.1
Addendum										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.0	10.8	0.0	19.0
90-95	0.0	0.0	0.0	0.0	0	0.0	0.0	8.3	0.0	21.6
95-99	0.0	0.0	0.0	0.0	0	0.0	0.0	18.8	0.0	25.3
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	38.9	0.0	30.5
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	20.1	0.0	32.6

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-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 Quintile	8,912	32.2	12,102	311	11,791	2.6	5.3	6.4	0.7	
Second Quintile	6,405	23.1	26,963	1,522	25,441	5.6	8.5	9.9	2.5	
Middle Quintile	4,700	17.0	52,834	5,382	47,452	10.2	12.1	13.5	6.5	
Fourth Quintile	4,103	14.8	86,759	12,877	73,882	14.8	17.4	18.3	13.5	
Top Quintile	3,521	12.7	330,315	85,331	244,984	25.8	56.9	52.2	76.8	
All	27,681	100.0	73,874	14,140	59,734	19.1	100.0	100.0	100.0	
Addendum										
80-90	1,647	6.0	134,981	25,643	109,338	19.0	10.9	10.9	10.8	
90-95	779	2.8	193,352	41,666	151,686	21.6	7.4	7.2	8.3	
95-99	834	3.0	348,021	87,969	260,052	25.3	14.2	13.1	18.7	
Top 1 Percent	260	0.9	1,922,463	586,180	1,336,283	30.5	24.4	21.0	38.9	
Top 0.1 Percent	28	0.1	8,697,208	2,833,404	5,863,803	32.6	11.8	9.9	20.1	

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

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