

Table T09-0058
Expansion of Earned Income Tax Credit (EITC) in "American Recovery and Reinvestment Tax Act" As Reported by Ways and Means Committee
Distribution of Federal Tax Change by Detailed Cash Income Level, 2009¹

Cash Income Level (thousands of 2008 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 5	0.9	0.0	0.1	0.3	-1	-0.3	0.0	0.1	-0.1	8.0
5-10	1.1	0.0	0.1	1.4	-4	-0.7	0.0	0.2	-0.1	4.8
10-15	2.5	0.0	0.1	3.8	-9	-1.0	0.0	0.2	-0.1	3.8
15-20	4.1	0.0	0.1	6.8	-17	-1.8	0.0	0.4	-0.1	5.2
20-25	8.2	0.0	0.2	13.3	-37	-1.8	0.0	0.8	-0.2	7.8
25-30	9.8	0.0	0.2	15.8	-52	-2.0	0.0	1.1	-0.2	10.4
30-35	11.3	0.0	0.2	15.2	-58	-1.7	0.0	1.3	-0.2	12.2
35-40	13.3	0.0	0.2	16.4	-72	-1.4	0.0	1.5	-0.2	14.0
40-45	12.6	0.0	0.2	14.3	-68	-1.3	0.0	1.7	-0.2	15.4
45-50	8.5	0.0	0.1	7.6	-40	-1.0	0.0	1.8	-0.1	16.2
50-75	1.3	0.0	0.0	4.5	-6	-0.5	0.0	10.0	0.0	17.9
75-100	0.1	0.0	0.0	0.2	0	-0.1	0.0	10.1	0.0	19.7
100-200	0.1	0.0	0.0	0.2	0	0.0	0.0	25.3	0.0	22.8
200-500	0.0	0.0	0.0	0.0	0	0.0	0.0	17.5	0.0	26.0
500-1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	7.5	0.0	26.8
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	20.6	0.0	30.3
All	4.0	0.0	0.0	100.0	-20	0.0	0.0	100.0	0.0	21.7

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

Cash Income Level (thousands of 2008 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Less than 5	6,679	4.5	2,234	180	2,054	8.1	0.1	0.2	0.1
5-10	10,525	7.0	7,907	381	7,525	4.8	0.7	0.9	0.2
10-15	12,528	8.3	12,737	488	12,249	3.8	1.4	1.7	0.3
15-20	11,573	7.7	17,827	945	16,883	5.3	1.8	2.2	0.5
20-25	10,471	7.0	22,941	1,834	21,106	8.0	2.1	2.5	0.8
25-30	9,023	6.0	28,069	2,972	25,096	10.6	2.2	2.6	1.1
30-35	7,711	5.1	33,169	4,115	29,054	12.4	2.3	2.5	1.3
35-40	6,674	4.4	38,311	5,432	32,879	14.2	2.3	2.5	1.5
40-45	6,143	4.1	43,432	6,751	36,681	15.5	2.4	2.5	1.7
45-50	5,606	3.7	48,473	7,881	40,592	16.3	2.4	2.6	1.8
50-75	21,662	14.4	63,039	11,304	51,734	17.9	12.1	12.7	10.0
75-100	14,107	9.4	88,790	17,494	71,296	19.7	11.1	11.4	10.1
100-200	19,712	13.1	138,154	31,466	106,688	22.8	24.1	23.7	25.3
200-500	5,636	3.8	291,886	75,924	215,962	26.0	14.5	13.7	17.4
500-1,000	989	0.7	695,069	186,351	508,717	26.8	6.1	5.7	7.5
More than 1,000	519	0.4	3,199,967	970,745	2,229,222	30.3	14.7	13.1	20.6
All	150,241	100.0	75,289	16,327	58,962	21.7	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 30.3 Proposal: 30.3

(1) Calendar year. Baseline is current law. Proposal would: increase the credit percentage for families with three or more qualifying children to 45 percent and increase the threshold phase-out amount for joint filers to \$5,000 above the phase-out threshold for single and head of household tax units (indexed for inflation after 2009).

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

(4) 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.

(5) 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.