

Table T07-0273
Tax Benefits of the Earned Income Tax Credit
Distribution of Federal Tax Change by Cash Income Class, 2006¹

Cash Income Class (thousands of 2006 dollars) ²	Percent of Tax Units ³		Benefit as Percent of After-Tax Income ⁴	Share of Total Benefits	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Benefit	Without Benefit			Dollars	As Percent of Tax	With Credit	Without Credit	With Credit	Without Credit
Less than 10	26.0	74.1	5.3	13.1	285	128.3	0.2	0.5	4.0	9.0
10-20	28.3	71.7	5.1	44.3	719	107.6	0.9	1.7	4.5	9.3
20-30	28.2	71.8	2.9	30.7	643	26.6	2.4	3.0	9.8	12.4
30-40	24.5	75.5	0.9	9.9	274	5.6	3.7	3.8	14.0	14.8
40-50	5.7	94.3	0.1	1.4	47	0.6	4.4	4.4	16.6	16.7
50-75	0.6	99.4	0.0	0.3	7	0.1	11.9	11.7	18.5	18.5
75-100	0.1	99.9	0.0	0.0	1	0.0	10.9	10.7	20.0	20.0
100-200	0.0	100.0	0.0	0.0	0	0.0	24.0	23.5	22.4	22.4
200-500	0.1	99.9	0.0	0.0	2	0.0	15.5	15.2	25.6	25.6
500-1,000	0.0	100.0	0.0	0.0	0	0.0	6.8	6.7	27.7	27.7
More than 1,000	0.0	100.0	0.0	0.0	0	0.0	19.1	18.7	32.5	32.5
All	15.2	84.8	0.6	100.0	283	2.1	100.0	100.0	21.3	21.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2006¹

Cash Income Class (thousands of 2006 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-	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
Less than 10	19,138	13.0	5,634	222	5,411	3.9	1.1	1.4	0.2
10-20	25,619	17.4	14,909	669	14,240	4.5	4.1	4.9	0.9
20-30	19,881	13.5	24,735	2,416	22,320	9.8	5.2	6.0	2.4
30-40	15,077	10.2	34,840	4,886	29,954	14.0	5.6	6.1	3.7
40-50	11,930	8.1	44,708	7,411	37,297	16.6	5.7	6.0	4.4
50-75	21,009	14.3	61,462	11,352	50,110	18.5	13.7	14.2	11.9
75-100	12,719	8.6	86,239	17,225	69,013	20.0	11.7	11.8	10.9
100-200	15,955	10.8	134,074	30,075	103,999	22.4	22.7	22.4	24.0
200-500	4,214	2.9	287,808	73,612	214,195	25.6	12.9	12.2	15.5
500-1,000	727	0.5	677,545	187,950	489,595	27.7	5.2	4.8	6.8
More than 1,000	383	0.3	3,081,101	1,000,082	2,081,020	32.5	12.5	10.8	19.1
All	147,237	100.0	63,974	13,603	50,371	21.3	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 3.6 Alternative: 3.6

(1) Calendar year. Baseline is current law. Alternative repeals the earned income tax 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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(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.