

**Senate Proposal:**

married filing jointly

income	\$	100,000	
standard deduction		24,000	
taxable income		<u>76,000</u>	
amount taxed @10%		19,050	1,905
amount taxed @12%		56,950	<u>6,834</u>
total tax	\$		<u>8,739</u>
effective tax rate			8.7%

income	\$	60,000	
standard deduction		24,000	
taxable income		<u>36,000</u>	
amount taxed @10%		19,050	1,905
amount taxed @12%		16,950	<u>2,034</u>
total tax	\$		<u>3,939</u>
effective tax rate			6.6%

If each of these working class families above have two children they get a tax credit of \$1650 X 2

So the family earning \$100,000 gets \$3300 credit leaving a tax bill of \$5,439 or 5.54% eff rate.

The family earning \$60,000 gets \$3300 credit leaving a tax bill of \$639 or 1.4% eff rate.

Two child working class families earning \$55,000 or less owe no income tax.

**Current law:**

married filing jointly

income	\$	100,000	
standard deduction		12,700	
personal exemption X2		<u>8,100</u>	
taxable income		79,200	
amount taxed @10%		18,650	1,865
amount taxed @15%		60,550	<u>9,083</u>
total tax	\$		<u>10,948</u>
effective tax rate			10.9%

income	\$	60,000	
standard deduction		12,700	
personal exemption X2		<u>8,100</u>	
taxable income		39,200	
amount taxed @10%		18,650	1,865
amount taxed @15%		<u>20,550</u>	<u>3,083</u>
total tax	\$		4,948
effective tax rate			8.2%

If each of these working class families above have two children they get a tax credit of \$1000 X 2, plus an additional calculated tax reduction of \$1215 for net effect of personal exemptions for the childr

So the family earning \$100,000 gets \$1215 off plus \$2000 credit leaving a tax bill of \$7,733 or 7.7% eff

The family earning \$60,000 gets \$1215 off plus \$2000 credit leaving a tax bill of \$1,733 or 2.9% eff rate

Two child working class families earning \$48,000 or less owe no income tax.



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