



Changing the EITC, Current Law vs. Proposed Tax Credit Changes

Family of Three (one parent and two children)																
Adjusted Gross Income (AGI)\$	\$10,000				\$15,000				\$20,000				\$25,500			
	Current	Proposed	\$ Change		Current	Proposed	\$ Change		Current	Proposed	\$ Change		Current	Proposed	\$ Change	
	Current	Proposed	Change	Change	Current	Proposed	Change	Change	Current	Proposed	Change	Change	Current	Proposed	Change	Change
Less personal exemption @\$3,600 now (\$3,700 proposed) * family size	(10,800)	(11,100)			(10,800)	(11,100)			(10,800)	(11,100)			(10,800)	(11,100)		
Less Child Exemption of \$600 for 2 children	(1,200)	0			(1,200)	0			(1,200)	0			(1,200)	0		
Taxable Income	-2,000	-1,100			3,000	3,900			8,000	8,900			13,500	14,400		
Times Tax Rate	4.35%	4.35%		Stays same	4.35%	4.35%		Stays same	4.35%	4.35%		Stays same	4.35%	4.35%		Stays same
Tax Liability	0	0	0	No Change	131	170	39	Tax increase	348	387	39	Tax increase	587	626	39	Tax increase
CREDITS:																
Earned Income Tax Credit	802	0	802	Tax Increase	1006	0	1,006	Tax Increase	854	0	854	Tax Increase	625	0	625	Tax Increase
Homestead Property Tax Credit	798	1,200	(402)	Tax Decrease	693	1,155	(462)	Tax Decrease	588	980	(392)	Tax Decrease	473	630	(157)	Tax Decrease
Child Credit	0	50	(50)	Tax Decrease	0	50	(50)	Tax Decrease	0	50	(50)	Tax Decrease	0	50	(50)	Tax Decrease
Refund	\$1,600	\$1,250	\$350	Net Tax Change	\$1,569	\$1,035	\$533	Net Tax Change	\$1,094	\$643	\$451	Net Tax Change	\$511	\$54	\$457	Net Tax Change
% Change from Current			21.9%				34.0%				41.2%				89.5%	

Note: Table assumes no other tax breaks than the personal exemption and child exemption.
 Note: The personal exemption is included at \$3,600 for 2011 and \$3,700 for 2012.
 Note: The poverty level for a family of three is \$17,600.
 Prepared by Michigan League for Human Services, April 20, 2011