Congress of the United States
JOINT COMMITTEE ON TAXATION
Washington, DC 20515–6453

APR 29 2011

MEMORANDUM

TO: Mark Prater and Jim Lyons

FROM: Thomas A. Barthold

SUBJECT: Information on Income Tax Liability for Tax Year 2009

This memorandum is in response to your request of April 15, 2011, for information on the percentage of taxpayers who will have no income tax liability for tax year 2009.

Unfortunately, we do not have final data from tax year 2009. However, as part of our modeling for the future forecast period we create forecasts ("backcasts") of prior years to bridge the model from the actual data year (2007) to the forecast period. Consequently, we have a backcast for 2009. Any estimate for 2009 will obviously have errors associated with it. After analyzing the advance data for 2009, we believe that our backcast for 2009 is an acceptable proxy for the actual 2009 results.

For tax year 2009, we estimate that there would be 164.4 million tax filing units, 81.1 million would be single returns, 58.9 million would be joint returns, 21.7 million would be head of household returns, and 2.5 million would be married filing separate returns.

Of the 81.1 million single returns, we project 26.8 million will have zero income tax liability, 16.6 million will receive a refundable credit, and 37.8 million will have a positive income tax liability for 2009. For the 21.7 million head of household returns, we project 1.0 million will have zero income tax liability, 15.4 million will receive a refundable credit, and 5.3 million will have a positive income tax liability for 2009. For the 58.9 million married filing joint returns, we project 7.3 million will have zero income tax liability, 16.2 million will receive a refundable credit, and 35.5 million will have a positive income tax liability for 2009. For the 2.5 million married filing separate returns, we project 0.4 million will have zero income tax liability, 0.5 million will receive a refundable credit, and 1.6 million will have a positive income tax liability for 2009.

In summary, for tax year 2009, approximately 22 percent of all tax units, including filers and non filers, will have zero income tax liability, approximately 30 percent will receive a refundable credit, and approximately 49 percent will have a positive income tax liability.

Because single filer returns and head of household returns include only a primary taxpayer while married filing joint returns include a primary taxpayer and spouse, you requested that we calculate the percentage of primary taxpayers and spouses that appear on returns that pay no income tax. For tax year 2009, approximately 19 percent of primary taxpayers and spouses, including filers and non filers, are part of tax units that will have zero income tax liability,

approximately 29 percent will receive a refundable credit, and 52 percent will have a positive income tax liability.