

# President Obama Cut Taxes for 98% of Working Families in 2009

According to a recent CBS News/New York Times poll, the vast majority of Americans do not perceive that they have received a tax cut from President Obama. Asked if the President “has already raised taxes this past year,” 53 percent of those polled said that the President has “kept taxes the same,” and 24 percent think that the President has “raised taxes.” A mere 12 percent believe that the President has cut their taxes.<sup>1</sup>

This is an astonishing level of misunderstanding. **The truth is that the major tax cuts enacted in the 2009 economic stimulus bill actually reduced federal income taxes for tax year 2009 for 98 percent of all working families and individuals.** These tax cuts saved working families and individuals an average of \$1,158 on the tax returns they will file by April 15. (The median tax cut was approximately \$600.)

The stimulus bill included several tax cutting measures for individuals in tax year 2009:

- The “Making Work Pay” tax credit gave most working people a \$400 refundable tax credit. This credit is worth \$800 to most working married couples. More than 94 percent of all working families and individuals received this tax cut.
- Changes to the \$1,000 per-child tax credit and the earned-income tax credit gave an average of \$872 each to 12 million, mostly low-income working families with children.
- Relief from the Alternative Minimum Tax for 2009 reduced taxes for 25 million mostly upper-income couples and individuals.
- A new, partially refundable education credit was also enacted for 2009.

Obama Tax Cuts for Working Families and Individuals in Tax Year 2009 (returns filed in 2010)		
Income Group	Average tax cut	% with tax cut
Lowest 20%	\$ -604	100%
Second 20%	-628	100%
Middle 20%	-590	100%
Fourth 20%	-822	100%
Next 10%	-1,856	96%
Next 5%	-3,232	96%
Next 4%	-4,925	97%
Top 1%	-1,171	29%
<b>ALL</b>	<b>\$ -1,158</b>	<b>98%</b>

One reason why the public may not realize that the President has cut their 2009 taxes is that the tax cut that affected the most people — the “Making Work Pay” credit — was dribbled out gradually in reduced tax withholding on wages.

<sup>1</sup>CBS News/New York Times poll, “The Tea Party Movement,” released February 11, 2010. [http://www.cbsnews.com/htdocs/pdf/poll\\_Tea\\_Party\\_021110.pdf](http://www.cbsnews.com/htdocs/pdf/poll_Tea_Party_021110.pdf).

For poll respondent who identified themselves as “Tea Party members,” a staggering 44 percent believe the President has already increased their taxes, while only 2 percent think he has lowered their taxes.

Only when taxpayers file their returns this year and fill out the new “Schedule M” (if they do their own returns) will they be able to see how much the Making Work Pay tax break has been worth to them.

As a public service, CTJ has compiled tables that show, by income group and on a state-by-state basis, how much the President’s major individual tax cuts enacted in 2009 have reduced taxes for working families and individuals.<sup>2</sup>

We define working families and individuals as those with wages or other earned income in 2009. It should be noted that the stimulus plan provided direct cash payments to a large proportion of people who were not working in 2009. For example, Social Security recipients received a one-time payment of \$250, and unemployment benefits were extended for the jobless. These non-tax benefits are not included in our figures.

The following page provides national distributional details about the major tax cuts enacted by President Obama for tax year 2009.

**For state-specific figures and more information, see our longer report at [www.ctj.org/obamastaxcuts.php](http://www.ctj.org/obamastaxcuts.php).**

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<sup>2</sup>The tables include the Making Work Pay credit, the changes to the per-child credit and the earned income tax credit, and Alternative Minimum Tax relief. The new education credit is not included due to insufficient data.

<b>Obama Tax Cuts for Working Families and Individuals in Tax Year 2009 (returns filed in 2010)</b>										
		<b>Expansion of EITC and Child Credit</b> Increased EITC for families with 3+ children & further reduced marriage penalty in the EITC; allowed more poor families to receive refundable Child Tax Credit.		<b>Making Work Pay Credit</b> Refundable credit up to \$400 for unmarried and \$800 for married, or amount of Social Security payroll taxes paid if less.		<b>Alternative Minimum Tax Relief</b> Increased the exemption that keeps most taxpayers from being affected by the AMT.		<b>Combined Tax Cuts</b> Combined effects of expansion of EITC and Child Credit, Making Work Pay Credit, and AMT relief.		
<b>Income Group</b>	<b>Average Income</b>	<b>Average Tax Cut</b>	<b>Share of Tax Cut</b>	<b>Average Tax Cut</b>	<b>Share of Tax Cut</b>	<b>Average Tax Cut</b>	<b>Share of Tax Cut</b>	<b>Average Tax Cut</b>	<b>Share of Tax Cut</b>	<b>% w/ tax cut</b>
<b>Lowest 20%</b>	\$ 12,430	\$ -220	37.7%	\$ -384	12.4%	\$ —	—	\$ -604	8.6%	100%
<b>Second 20%</b>	25,020	-174	32.6%	-454	16.0%	—	—	-628	9.7%	100%
<b>Middle 20%</b>	40,410	-80	17.0%	-510	20.4%	—	—	-590	10.4%	100%
<b>Fourth 20%</b>	65,990	-18	4.1%	-624	27.1%	-180	7.2%	-822	15.7%	100%
<b>Next 10%</b>	100,270	-35	4.2%	-659	14.9%	-1,161	24.1%	-1,856	18.4%	96%
<b>Next 5%</b>	140,900	-67	4.1%	-665	7.6%	-2,500	26.4%	-3,232	16.3%	96%
<b>Next 4%</b>	244,780	—	—	-158	1.4%	-4,766	39.9%	-4,925	19.7%	97%
<b>Top 1%</b>	1,327,990	—	—	—	—	-1,171	2.5%	-1,171	1.2%	29%
<b>ALL</b>	<b>\$ 67,820</b>	<b>\$ -95</b>	<b>100.0%</b>	<b>\$ -508</b>	<b>100.0%</b>	<b>\$ -555</b>	<b>100.0%</b>	<b>\$ -1,158</b>	<b>100.0%</b>	<b>98%</b>
<b>Bottom 60%</b>	\$ 25,950	\$ -152	87.3%	\$ -454	48.8%	\$ —	—	\$ -606	28.6%	100%

Income groupings and average incomes are for all tax units (including those without earned income).

Average tax cuts are the averages for all working families and individuals in each income group. % with tax cut is the percentage of all working families and individuals with tax cuts in each income group. Figures exclude the new, partially refundable education credit due to insufficient data.