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## Congress of the United States

JOINT COMMITTEE ON TAXATION  
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SEP 27 2011

Honorable Sam Johnson  
Chairman  
U.S. House of Representatives  
Committee on Ways and Means  
Subcommittee on Social Security  
B317 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Johnson:

The following is in response to your letter of September 12 regarding my testimony on June 23, 2011, before the Subcommittee on Social Security regarding Social Security's finances. My answers follow your numbered questions. It should be noted that because all of SECA is attributable to the employee, those questions that refer to the "employee" portion of SECA reflect the entire SECA amount.

1. What is the percent of those receiving Social Security whose benefits are under the individual income tax?

We estimate that 39.5 million income tax returns will have a total of \$667.8 billion in Social Security benefits reflected in tax year 2011. Roughly 44 percent of those income tax returns will have \$192.7 billion in taxable Social Security benefits included in adjusted gross income ("AGI") in 2011 (approximately 29 percent of the income). We forecast that these percentages will be increasing over the budget window, with roughly 66 percent of returns with Social Security benefit income having roughly 46 percent of their Social Security benefit income included in AGI in 2021.

2. What percent of taxpayers pay more in the employee share of FICA tax than income taxes? What percent pay more in the employee share of the OASDI tax portion of the FICA tax than in income tax?

We estimate that 65.9 million returns (40 percent) pay more in the employee share of FICA than income taxes in tax year 2011. We forecast that this percentage will be declining over the budget window, with 63.5 million returns (35 percent) paying more in the employee share of FICA than income taxes in 2021. In tax year 2011, 59.3 (36 percent) million returns will pay more in the employee share of OASDI than in income taxes. By tax year 2021, we estimate that 58.3 (32 percent) million returns will pay more in the employee share of OASDI than in income taxes.

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3. What percentages of taxpayers pay only the employee share of payroll taxes (FICA) and no other income tax?

In tax year 2011, we estimate that 44.9 million returns (27 percent) will pay only the employee share of FICA and have no Federal income tax liability. In tax year 2021, we estimate that 41.9 million returns (23 percent) will pay only the employee share of FICA and have no Federal income tax liability.

For those taxpayers who pay only payroll taxes, what percent of those have the employee share of OASDI portion of the FICA tax fully offset by the earned income tax credit ("EITC")?

In 2011, 20.6 million filers (76 percent of EITC recipients) will be eligible for an EITC equal to or larger than their combined income tax liability and employee share of payroll tax liability (including SECA).

What percentage of these taxpayers actually receives a refund from the EITC?

By definition, all 20.6 million filers described above receive an income tax refund; otherwise, their EITC would not be larger than their combined income tax liability and payroll tax liability. Overall, about 23.4 million filers receive the EITC as an outlay (87 percent of recipients).

To go along with my earlier response of 20.6 million filers having EITC exceeding their income plus employee payroll and SECA tax liability, following is the breakdown by number of children and filing status, per the request (in millions of returns):

	Single	Married	Head of Household	Total
0 children.....	2.6	0.4	0.0	3.0
1 child.....	1.2	1.4	5.2	7.9
2 children.....	0.7	1.8	5.0	7.4
3+ children.....	0.1	1.3	0.9	2.3
Total.....	4.5	4.8	11.2	20.6

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4. For the child credit piece (item 4), 16.4 million filers have a child tax credit that exceeds their income plus employee payroll and SECA tax liabilities. This is approximately 44 percent of child tax credit recipients. Again, by definition, all of these filers receive a refund from the child credit. Here is the breakdown by number of children and filing status:

	Single	Married	Head of Household	Total
1 child.....	1.0	1.4	4.9	7.3
2 children.....	0.5	1.7	4.0	6.2
3+ children.....	0.2	1.6	1.1	3.0
Total.....	1.8	4.7	10.0	16.4

5. What percent of taxpayers pay more in the employee share of SECA tax than income taxes? What percent pay more in the employee share of the OASDI tax portion of the SECA tax than in income tax?

We estimate that 11.8 million returns (7 percent) pay more in the SECA taxes than income taxes in tax year 2011. We forecast that this percentage will be declining over the budget window, with 10.9 million returns (6 percent) paying more in SECA taxes than income taxes in 2021. In tax year 2011, 11.5 (7 percent) million returns will pay more in the employee share of OASDI than in income taxes. By tax year 2021, we estimate that 10.6 (6 percent) million returns will pay more in the employee share of OASDI than in income taxes.

6. What percentages of taxpayers pay only the employee share of payroll taxes (SECA) and no other income tax?

In tax year 2011, we estimate that 0.9 million returns (6 percent) will pay only SECA taxes and have no income tax liability. In tax year 2021, we estimate that 0.9 million returns (5 percent) will pay only SECA taxes and have no income tax liability.

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I hope this information answers your questions. If we can be of further assistance in this matter, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Thomas A. Barthold". The signature is written in a cursive style with a large, stylized initial "T".

Thomas A. Barthold