

Massachusetts

Massachusetts Treats Working-Poor and Near-Poor Families Under Its Income Tax Better Than Most States

Massachusetts's 2006 income tax threshold *Rank among the 42 states with income taxes* *(The income level at which families begin paying income tax)* *(1 = lowest threshold)*

- For single-parent families of three: \$24,300 31
- For two-parent families of four: \$26,200 31

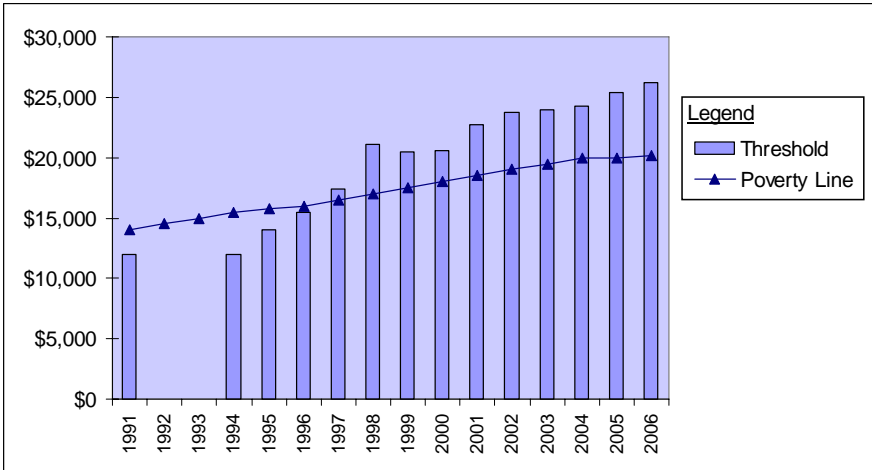
Massachusetts's 2006 income tax levied on working-poor and near-poor families *Rank (1 = highest tax)*

- For families of three with incomes at the poverty line (\$16,079): \$641 refund 37
- For families of four with incomes at the poverty line (\$20,615): \$447 refund 38
- For families of three with minimum-wage earnings (\$14,040): \$680 refund 36
- For families of three with incomes at 125% of poverty line (\$20,099): \$333 refund 38
- For families of four with incomes at 125% of poverty line (\$25,769): \$33 refund 38

Since 1997, Massachusetts has exempted working poor families from the income tax.

- In 1994, families of four with earnings 21 percent below the poverty line faced income tax liability in Massachusetts. By 2006, the threshold had increased to 27 percent above the poverty line.
- Massachusetts provides a refundable Earned Income Tax Credit to help poor families work their way out of poverty. At \$447, Massachusetts' refund for families of four at the poverty line is among the five largest in the nation.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$12,000
1992	no data
1993	no data
1994	\$12,000
1995	\$14,000
1996	\$15,500
1997	\$17,400
1998	\$21,100
1999	\$20,500
2000	\$20,600
2001	\$22,700
2002	\$23,800
2003	\$24,000
2004	\$24,300
2005	\$25,400
2006	\$26,200