

Massachusetts

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

Massachusetts' 2005 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: \$23,500 34
- For two-parent families of four: \$25,400 32

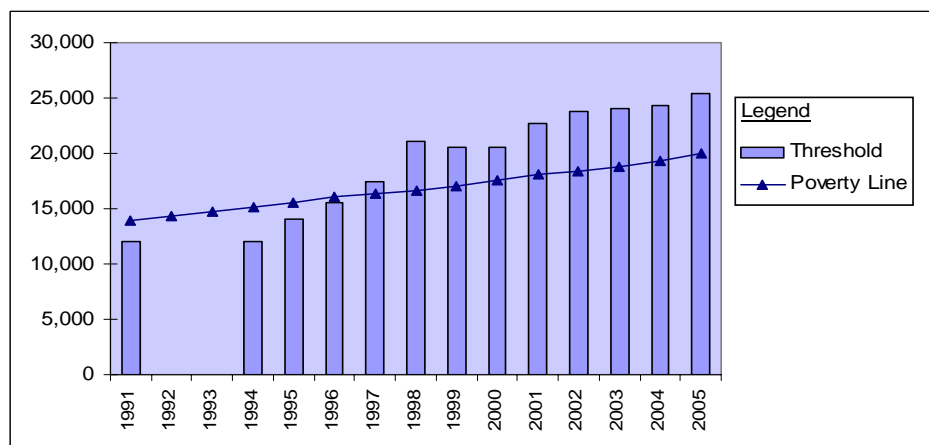
Massachusetts' 2005 income tax levied on working-poor and near-poor families *Rank (1 = highest tax)*

- For families of three with incomes at the poverty line (\$15,577): \$622 refund 36
- For families of four with incomes at the poverty line (\$19,961): \$436 refund 37
- For families of three with minimum-wage earnings (\$14,040): \$660 refund 36
- For families of three with incomes at 125% of poverty line (\$19,471): \$325 refund 37
- For families of four with incomes at 125% of poverty line (\$24,951): \$34 refund 37

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 2005, 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 \$436, Massachusetts' refund for families of four at the poverty line is among the six 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