

Virginia

Virginia Exempts Most Working-Poor Families from Income Tax, but the Tax on Near-Poor Families Is Among the Nation's Highest

Virginia's 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: \$15,700 17
- For two-parent families of four: \$19,400 (tied for) 16

Virginia's 2005 income tax levied on working-poor and near-poor families

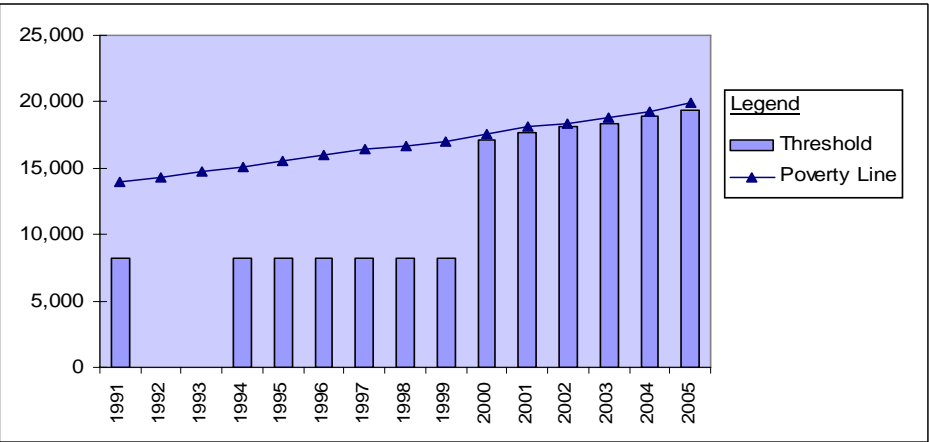
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$15,577): \$0 (tied for) 17
- For families of four with incomes at the poverty line (\$19,961): \$389 4
- For families of three with minimum-wage earnings (\$10,712): \$0 (tied for) 7
- For families of three with incomes at 125% of poverty line (\$19,471): \$559 3
- For families of four with incomes at 125% of poverty line (\$24,951): \$637 6

In 2006 a new credit will lift Virginia's income tax thresholds above the poverty line.

- Virginia's income tax threshold is slightly below the poverty line, but families with incomes just above the threshold pay substantial tax.
- Beginning in 2006, Virginia will offer a non-refundable Earned Income Tax Credit equal to 20 percent of the federal EITC. The change will raise Virginia's tax thresholds above the poverty line.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$8,200
1992	no data
1993	no data
1994	\$8,200
1995	\$8,200
1996	\$8,200
1997	\$8,200
1998	\$8,200
1999	\$8,200
2000	\$17,100
2001	\$17,700
2002	\$18,100
2003	\$18,400
2004	\$18,900
2005	\$19,400



Source: Center on Budget and Policy Priorities, *The Impact of State Income Taxes on Low-Income Families in 2005*. Available online at: <http://www.cbpp.org/2-22-06sfp.htm>.