



TAX & BUDGET

ELIMINATING THE HEAD OF HOUSEHOLD FILING STATUS WOULD HURT WOMEN

Since his campaign, President Donald Trump has expressed interest in reforming the tax code. And during his campaign, he proposed a number of policies to do so, including eliminating the head of household tax filing status.¹ Eliminating this filing status would negatively impact unmarried individuals supporting dependents – including many women who are single parents.

Now, the Administration’s tax reform efforts are moving forward, with “tax principles” released in April 2017 and a statement of principles issued in July 2017,² and a more detailed tax plan to be released in early September. While these principles and Administration statements to date have not specifically mentioned eliminating head of household, the Administration and congressional leaders involved in tax reform have signaled their intent to simplify the tax code for individuals.

What is the head of household filing status?

The head of household filing status provides preferential tax benefits for unmarried adults supporting dependents. This filing status was created by Congress in 1951 in recognition of the economic strain that these adults face in raising children or supporting family members on their own.³

Many heads of household filers are single parents, but they can also be supporting other dependents. To file as a head of household, an individual must:

- *Be considered unmarried.* This includes people who are single, divorced, legally separated, or married but have lived apart from your spouse for six months or more in the calendar year.⁴

- *Have a dependent live with him or her for at least half the year.* This can include a qualifying child,⁵ or another qualifying person such as a relative.⁶
- *Have paid more than half the cost of keeping up a home.*

What are the benefits of the head of household filing status?

The head of household filing status provides two main tax benefits as compared to taxpayers filing either single or married filing separately: a larger standard deduction and a preferential tax rate. First, head of household status creates a standard deduction that is higher than for taxpayers who file as single (or married filing separately), but less than the deduction for married filing jointly taxpayers.⁷ The standard deduction for each of these filing statuses in 2016 is as follows:⁸

Filing Status	Standard Deduction
Single or Married Filing Separately	\$6,300
Head of Household	\$9,300
Married, Filing Jointly	\$12,600

Second, head of household status establishes a tax rate for eligible taxpayers between that of single taxpayers and those who are married, filing jointly.⁹ The tax rate for each of these filing statuses in 2016 is as follows:¹⁰



Filing Status	Taxable Income, 10% Bracket	Taxable Income, 15% Bracket	Taxable Income, 25% Bracket	Taxable Income, 28% Bracket	Taxable Income, 33% Bracket	Taxable Income, 35% Bracket	Taxable Income, 39.6% Bracket
Single	0 - \$9,275	\$9,276 - \$37,650	\$37,651 - \$91,150	\$91,151 - \$190,150	\$190,151 - \$413,350	\$413,351 - \$415,050	\$415,051 +
Head of Household	0 - \$13,250	\$13,251 - \$50,400	\$50,401 - \$130,150	\$130,151 - \$210,800	\$210,801 - \$413,350	\$413,351 - \$441,000	\$441,001+
Married, Filing Jointly	0 - \$18,500	\$18,501 - \$75,300	\$75,301 - \$151,900	\$151,901 - \$231,450	\$231,451 - \$413,350	\$413,351 - \$466,950	\$466,951 +

The head of household filing status can make a difference in the amount of taxes a taxpayer owes, although middle-income tax filers, who generally have more income tax liability than lower income filers, receive more benefits from the filing status. In 2013, the distribution of tax filers who claimed head of household status, and the average benefit that filers who received a benefit, were as follows:

	Percentage of families with children that claim the benefit ¹¹	Average benefit for filers who received a benefit ¹²
Lowest income quintile	8%	\$209
Second-lowest quintile	39.5%	\$371
Middle quintile	31.2%	\$510
Second-highest quintile	17.6%	\$1,100
Highest income quintile	7.6%	\$1,737

Millions of single mothers would face a tax increase if the head of household filing status were eliminated.

Eliminating the head of household filing status would raise taxes on millions of women and their families. The IRS collects data on the number of tax filers who claim head of household tax status; in 2015, there were 22 million who did so.¹³ However, the IRS does not track the sex of those who claim head of household tax status. But other government data shows that the majority of single parents—a key group who would use this filing status—are women. For instance,

Census American Community Survey data shows that about 75 percent of single-parent families were headed by women in 2015. Similarly, Census estimates from its annual Current Population Survey shows that nearly 12 million individuals filed their taxes as head of household in 2015 and that more than three out of four of them (76 percent) were women.¹⁴ So while the IRS data on the total number of head of household filers differs from Census estimates of the number of head of household filers, the data and research available point to the fact that millions of women and their families would be negatively impacted by eliminating this filing status.

Middle-income single parents – most of whom are mothers – would be particularly affected by the elimination of the head of household filing status because of their higher federal income tax liability.¹⁵ Nearly four in ten (39.5 percent) families with children in the second-lowest income quintile, who make between about \$21,000 and \$41,400, benefit from the head of household filing status, along with more than three in ten (31.2 percent) such families in the middle income quintile, who make between about \$41,400 and \$67,000.¹⁶

The impact of eliminating the head of household filing status could be mitigated if, for example, the Administration’s tax reform plan increased other benefits for single parents. However, neither the tax plan President Trump proposed as a candidate nor the Administration’s statements around tax reform to date have proposed to do so. Indeed, an analysis of the broader Trump campaign tax plan found that more than half of single parents (51%) would face a tax increase using conservative estimates.¹⁷ Further, any tax package must be viewed in its entirety. Relatively small tax benefits for working families would be insufficient to counterbalance the harm of a larger tax package whose benefits overwhelmingly inure to the wealthy and corporations or a federal budget proposal that slashes programs and services which are essential to the well-being of women.



- ¹ It is not clear whether the Trump campaign's proposal or the Administration's forthcoming tax plan would eliminate the tax status of qualifying widow(er). This filing status allows a surviving spouse with a dependent child to retain the tax benefits of the married filing jointly status for two years after the death of the spouse. See 26 U.S.C. § 2(a) (2016). This analysis looks only at the head of household proposal.
- ² *The 1-Page White House Handout on the Trump Tax Proposal*, CNN (April 26, 2017), <http://www.cnn.com/2017/04/26/politics/white-house-donald-trump-tax-proposal/>.
- ³ See *The Revenue Act of 1951: Hearing on H.R. 4473 Before the S. Comm. on Finance*, 82d Cong., (1951) (statement of Joseph A. Schafer, CPA), in 5 INTERNAL REVENUE ACTS OF THE UNITED STATES 1950-1951: LEGISLATIVE HISTORIES, LAWS, AND ADMINISTRATIVE DOCUMENTS, 2399-2400 (Bernard D. Reams, Jr. ed., 1982) ("This is a relief measure that is warranted because of the hardship which might exist, as in the case of a parent who must maintain a home for a small child."). In 1954, the head of household status was broadened to include tax filers who could claim their parent as a dependent but did not live with that parent.
- ⁴ 26 U.S.C. § 1(b) (2016); see also INTERNAL REVENUE SERV., PUBLICATION 501, EXEMPTIONS, STANDARD DEDUCTIONS, AND FILING INFORMATION 6-7 (2016), available at <https://www.irs.gov/pub/irs-pdf/p501.pdf> [hereinafter IRS Publication 501].
- ⁵ A qualifying child includes biological, adopted, foster, and step children, brothers and sisters, nieces and nephews, and grandchildren age 18 or younger; a qualifying child who is a student under age 24; or a permanently disabled child of any age. 26 U.S.C. § 1(b); see also IRS Publication 501, *supra* note 4, at 13-15.
- ⁶ A qualifying person can be another relative by blood or marriage who lives with the individual at least half the year, is supported by him or her, and earns less than \$4,050 (or a nonrelative who meets all the test for a relative but lives in the household for a full year). 26 U.S.C. § 1(b); see also IRS Publication 501, *supra* note 4, at 9-10. An individual may be able to file as head of household even if his or her father or mother does not live with him or her. However, the individual must be able to claim an exemption for their father or mother, and must pay more than half the cost of keeping up a home that was the main home for the entire year for their father or mother. IRS Publication 501, *supra* note 4, at 9.
- ⁷ IRS Publication 501, *supra* note 4, at 25.
- ⁸ *Id.*
- ⁹ 26 U.S.C. § 1(b). The lower tax rate is due to the fact that the income parameters of the tax brackets for head of household income filers are wider than for single filers.
- ¹⁰ Rev. Proc. 2015-53, 2015-44 C.B. 615.
- ¹¹ TAX POL'Y CTR., TABLE T13-0149 – TAX BENEFIT OF THE HEAD OF HOUSEHOLD FILING STATUS DISTRIBUTION OF FEDERAL TAX CHANGE BY CASH INCOME PERCENTILE ADJUSTED FOR FAMILY SIZE (2013), available at <http://www.taxpolicycenter.org/model-estimates/individual-income-tax-expenditures-2013/tax-benefit-head-household-filing-status>.
- ¹² Tax Policy Center calculations based on TAX POL'Y CTR., TABLE T13-0225 – TAX BENEFIT OF THE HOUSEHOLD FILING STATUS; DISTRIBUTION OF FEDERAL TAX CHANGE BY EXPANDED CASH INCOME PERCENTILE (2013), available at <http://www.taxpolicycenter.org/model-estimates/tax-benefit-various-provisions-related-children-and-families/tax-benefit-household>.
- ¹³ INTERNAL REVENUE SERV., STATISTICS OF INCOME – 2014 INDIVIDUAL INCOME TAX RETURNS 94, tbl. 1.6 (2016), available at <https://www.irs.gov/pub/irs-soi/14inalcr.pdf>.
- ¹⁴ NWLC calculations of U.S. Census Bureau, 2016 Current Population Survey using SARAH FLOOD, MIRIAM KING, STEVEN RUGGLES, & J. ROBERT WARREN, INTEGRATED PUBLIC USE MICRODATA SERIES, CURRENT POPULATION SURVEY: VERSION 4.0 (2015), available at <https://cps.ipums.org/cps/>.
- ¹⁵ *Id.*
- ¹⁶ TABLE T13-0149, *supra* note 11. A smaller proportion, just 8 percent, of families with children in the lowest income quintile benefit from the head of household status because it lowers the rate on taxable income, and many families with children in the lowest income quintile have no federal income tax liability. In the highest income quintile, only 7.6 percent of families with children benefit. *Id.* Tax Policy Center income quintiles from 2012 were used in this analysis and adjusted for inflation by NWLC to reflect 2015 dollars. The breaks are: 20% \$20,916; 40% \$41,377; 60% \$67,057; 80% \$112,586. Income quintiles are for all tax filers.
- ¹⁷ LILY BATCHELDER, TAX POL'Y CTR., FAMILIES FACING TAX INCREASES UNDER TRUMP'S TAX PLAN 9, tbl. 5 (2016), available at <http://www.taxpolicycenter.org/publications/families-facing-tax-increases-under-trumps-tax-plan-0/full>.

