

Table T07-0159
EGTRRA Changes to Child and Dependent Care Tax Credit (CDCTC)
Distribution of Federal Tax Change by Cash Income Percentile, 2006¹

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.4	0.0	3.4
Second Quintile	0.6	0.0	0.0	4.8	-1	-0.1	0.0	2.1	0.0	7.2
Middle Quintile	4.2	0.0	0.0	38.1	-7	-0.1	0.0	7.5	0.0	14.3
Fourth Quintile	3.2	0.0	0.0	24.0	-4	0.0	0.0	17.0	0.0	18.6
Top Quintile	4.0	0.0	0.0	33.2	-6	0.0	0.0	72.8	0.0	25.3
All	2.4	0.0	0.0	100.0	-4	0.0	0.0	100.0	0.0	21.3
Addendum										
Top 10 Percent	3.8	0.0	0.0	16.8	-6	0.0	0.0	57.7	0.0	26.8
Top 5 Percent	3.4	0.0	0.0	7.6	-5	0.0	0.0	45.9	0.0	28.1
Top 1 Percent	2.0	0.0	0.0	0.9	-3	0.0	0.0	28.2	0.0	30.7
Top 0.5 Percent	1.7	0.0	0.0	0.4	-3	0.0	0.0	23.1	0.0	31.6
Top 0.1 Percent	1.2	0.0	0.0	0.1	-2	0.0	0.0	14.4	0.0	33.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2006¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	Share of Pre-Tax Income	Share of Post-Tax	Share of Federal	
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total		
Lowest Quintile	28,860	19.6	7,727	265	7,462	3.4	2.4	2.9	0.4	
Second Quintile	29,449	20.0	19,690	1,422	18,268	7.2	6.2	7.3	2.1	
Middle Quintile	29,448	20.0	35,657	5,098	30,559	14.3	11.2	12.1	7.5	
Fourth Quintile	29,448	20.0	62,346	11,573	50,773	18.6	19.5	20.2	17.0	
Top Quintile	29,447	20.0	195,755	49,502	146,252	25.3	61.2	58.1	72.8	
All	147,237	100.0	63,974	13,597	50,376	21.3	100.0	100.0	100.0	
Addendum										
Top 10 Percent	14,724	10.0	292,372	78,414	213,958	26.8	45.7	42.5	57.7	
Top 5 Percent	7,361	5.0	443,043	124,691	318,352	28.1	34.6	31.6	45.9	
Top 1 Percent	1,472	1.0	1,248,587	383,107	865,480	30.7	19.5	17.2	28.2	
Top 0.5 Percent	736	0.5	1,984,734	626,590	1,358,144	31.6	15.5	13.5	23.0	
Top 0.1 Percent	147	0.1	5,889,414	1,955,705	3,933,709	33.2	9.2	7.8	14.4	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 3.6 Proposal: 3.6

(1) Calendar year. Baseline is current law but without the changes made to the Child and Dependent Care Tax Credit (CDCTC) by EGTRRA. EGTRRA makes the following changes to the CDCTC: increase the maximum credit rate from 30 to 35 percent; increase allowable expenses from \$2,400 to \$3,000 for one eligible individual and to \$6,000 from \$4,800 for two or more eligible individuals; increase the start of the phasedown of the credit rate from \$10,000 to \$15,000 of AGI.

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) For the income levels at each quintile and the top income percentiles used in this table, see

<http://www.taxpolicycenter.org/TaxModel/percentiles.cfm>

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.