

21-Jan-09

PRELIMINARY RESULTS

<http://www.taxpolicycenter.org>

T09-0039

Options for Reforming the Child Tax Credit (CTC)

Baseline: \$8,500 Threshold

Static Impact on Individual Income Tax Liability and Revenue (\$ billions), 2009-18<sup>1</sup>

	Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-18
<b>Option 1: Reduce threshold to \$0<sup>2</sup></b>											
<b>Fiscal Year Revenue<sup>3</sup></b>	-1.2	-5.7	-4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-11.3
<b>Calendar Year Liability</b>	-5.8	-5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-11.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

(1) Estimates are static and do not account for any potential microeconomic behavioral response. Official estimates from the Joint Committee on Taxation would likely show a somewhat different effect on revenue.

(2) Baseline is current law with a reduced threshold of \$8,500. Proposal reduces the unindexed earnings refundability threshold to \$0, effective 1/1/09.

(3) Fiscal-year revenue numbers assume a 20-80 split. The actual effect on receipts could differ.