

29-Jan-09

PRELIMINARY RESULTS

<http://www.taxpolicycenter.org>

T09-0075

Options for Reforming the Child Tax Credit (CTC)

Baseline: \$6,000 Threshold

Static Impact on Individual Income Tax Liability and Revenue (\$ billions), 2009-18¹

	Year										2009-18
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Option 1: Reduce threshold to \$3,000²											
Fiscal Year Revenue³	-0.4	-2.1	-1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.2
Calendar Year Liability	-2.2	-2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0 #	-4.2

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 \$6,000. Proposal reduces the unindexed earnings refundability threshold to \$3,000, effective 1/1/09.

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