

9-Feb-09

PRELIMINARY RESULTS

T09-0087

Options for Reforming the Child Tax Credit (CTC)

Baseline: \$8,100 Refundability Threshold

Static Impact on Number of Eligible Children (millions), 2009¹

	Year
	2009
Kids Newly Eligible for the Refundable Credit²:	
Option 1: Reduce to unindexed \$0 threshold ³	3.5
Kids with Increased Refundable Child Credit⁴:	
Option 1: Reduce to unindexed \$0 threshold ³	10.3

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

(2) Kids newly eligible for the refundable child credit includes all children potentially eligible for the child credit on returns claiming a non-zero value for the refundable child credit under the proposal but

(3) Baseline is current law with threshold reduced to \$8,100. Proposal reduces the unindexed earnings threshold to \$0, effective 01/01/09.

(4) Kids with increased refundable child credit includes all children potentially eligible for the child credit on returns claiming a non-zero value for the refundable child credit in the baseline and a larger