

11-Feb-09

PRELIMINARY RESULTS

T09-0099
Options for Reforming the Child Tax Credit (CTC)
Baseline: \$8,500 Refundability Threshold
Static Impact on Number of Eligible Children (millions), 2009¹

	Year
	2009
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<u>Kids Newly Eligible for the Refundable Credit²:</u>	
Option 1: Reduce to unindexed \$8,100 threshold ³	0.2
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<u>Kids with Increased Refundable Child Credit⁴:</u>	
Option 1: Reduce to unindexed \$8,100 threshold ³	10.1

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 \$8,500. Proposal reduces the unindexed earnings threshold to \$8,100, 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