

**Table T10-0018**  
**Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and**  
**Make Credit Fully Refundable: 50-Percent Participation Assumption**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011 <sup>1</sup>**  
**Summary Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
Lowest Quintile	1.7	0.0	0.2	25.6	-15	-0.2	4.5
Second Quintile	3.1	0.0	0.1	20.0	-13	-0.1	11.2
Middle Quintile	4.7	0.0	0.0	20.5	-15	0.0	17.2
Fourth Quintile	6.6	0.0	0.0	29.4	-25	0.0	21.1
Top Quintile	1.8	0.0	0.0	4.4	-4	0.0	27.7
All	3.4	0.0	0.0	100.0	-15	0.0	22.9
<b>Addendum</b>							
80-90	3.4	0.0	0.0	4.3	-8	0.0	23.9
90-95	0.1	0.0	0.0	0.1	0	0.0	25.8
95-99	0.1	0.0	0.0	0.1	0	0.0	27.3
Top 1 Percent	0.2	0.0	0.0	0.0	0	0.0	32.2
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	35.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

Number of AMT Taxpayers (millions). Baseline: 16.6

Proposal: 16.8

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2009 dollars): 20% \$17,709, 40% \$34,668, 60% \$63,846, 80% \$104,388, 90% \$167,146, 95% \$210,251, 99% \$555,037, 99.9% \$2,351,648.

(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.

**Table T10-0018**  
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**Make Credit Fully Refundable: 50-Percent Participation Assumption**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	1.7	0.0	0.2	25.6	-15	-3.2	0.0	0.7	-0.2	4.5
<b>Second Quintile</b>	3.1	0.0	0.1	20.0	-13	-0.4	0.0	4.0	-0.1	11.2
<b>Middle Quintile</b>	4.7	0.0	0.0	20.5	-15	-0.2	0.0	10.2	0.0	17.2
<b>Fourth Quintile</b>	6.6	0.0	0.0	29.4	-25	-0.1	0.0	18.3	0.0	21.1
<b>Top Quintile</b>	1.8	0.0	0.0	4.4	-4	0.0	0.1	66.6	0.0	27.7
<b>All</b>	3.4	0.0	0.0	100.0	-15	-0.1	0.0	100.0	0.0	22.9
<b>Addendum</b>										
<b>80-90</b>	3.4	0.0	0.0	4.3	-8	0.0	0.0	14.9	0.0	23.9
<b>90-95</b>	0.1	0.0	0.0	0.1	0	0.0	0.0	10.7	0.0	25.8
<b>95-99</b>	0.1	0.0	0.0	0.1	0	0.0	0.0	16.5	0.0	27.3
<b>Top 1 Percent</b>	0.2	0.0	0.0	0.0	0	0.0	0.0	24.6	0.0	32.2
<b>Top 0.1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	12.6	0.0	35.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
<b>Lowest Quintile</b>	37,292	24.0	10,481	487	9,993	4.7	3.5	4.3	0.7
<b>Second Quintile</b>	34,806	22.4	26,186	2,941	23,245	11.2	8.2	9.4	4.0
<b>Middle Quintile</b>	31,498	20.3	48,373	8,317	40,056	17.2	13.7	14.7	10.3
<b>Fourth Quintile</b>	26,231	16.9	84,329	17,838	66,491	21.2	19.9	20.3	18.3
<b>Top Quintile</b>	22,974	14.8	267,017	74,046	192,971	27.7	55.1	51.7	66.6
<b>All</b>	155,368	100.0	71,667	16,449	55,218	23.0	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	11,625	7.5	136,507	32,666	103,841	23.9	14.3	14.1	14.9
<b>90-95</b>	5,563	3.6	191,223	49,251	141,971	25.8	9.6	9.2	10.7
<b>95-99</b>	4,611	3.0	333,276	91,067	242,209	27.3	13.8	13.0	16.4
<b>Top 1 Percent</b>	1,175	0.8	1,657,137	534,066	1,123,071	32.2	17.5	15.4	24.6
<b>Top 0.1 Percent</b>	119	0.1	7,672,765	2,714,591	4,958,174	35.4	8.2	6.9	12.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).  
Number of AMT Taxpayers (millions). Baseline: 16.6 Proposal: 16.8

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2009 dollars): 20% \$17,709, 40% \$34,668, 60% \$63,846, 80% \$104,388, 90% \$167,146, 95% \$210,251, 99% \$555,037, 99.9% \$2,351,648.

(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.

**Table T10-0018**  
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**Make Credit Fully Refundable: 50-Percent Participation Assumption**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	2.4	0.0	0.2	29.0	-21	-17.4	0.0	0.1	-0.2	1.0
<b>Second Quintile</b>	3.8	0.0	0.1	21.0	-15	-0.6	0.0	2.9	-0.1	9.8
<b>Middle Quintile</b>	5.2	0.0	0.1	24.4	-18	-0.3	0.0	8.5	0.0	16.3
<b>Fourth Quintile</b>	5.6	0.0	0.0	24.1	-18	-0.1	0.0	17.2	0.0	20.1
<b>Top Quintile</b>	0.4	0.0	0.0	1.5	-1	0.0	0.1	71.1	0.0	27.6
<b>All</b>	3.4	0.0	0.0	100.0	-15	-0.1	0.0	100.0	0.0	22.9
<b>Addendum</b>										
<b>80-90</b>	0.7	0.0	0.0	1.4	-2	0.0	0.0	15.8	0.0	24.1
<b>90-95</b>	0.1	0.0	0.0	0.1	0	0.0	0.0	11.9	0.0	25.3
<b>95-99</b>	0.1	0.0	0.0	0.0	0	0.0	0.0	17.7	0.0	27.1
<b>Top 1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	25.7	0.0	32.1
<b>Top 0.1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	13.1	0.0	35.3

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
<b>Lowest Quintile</b>	30,760	19.8	9,877	122	9,755	1.2	2.7	3.5	0.2
<b>Second Quintile</b>	32,347	20.8	23,756	2,336	21,420	9.8	6.9	8.1	3.0
<b>Middle Quintile</b>	31,060	20.0	42,993	7,010	35,983	16.3	12.0	13.0	8.5
<b>Fourth Quintile</b>	29,561	19.0	73,609	14,830	58,778	20.2	19.5	20.3	17.2
<b>Top Quintile</b>	29,073	18.7	226,631	62,467	164,164	27.6	59.2	55.6	71.1
<b>All</b>	155,368	100.0	71,667	16,449	55,218	23.0	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	14,540	9.4	115,046	27,707	87,340	24.1	15.0	14.8	15.8
<b>90-95</b>	7,282	4.7	165,470	41,820	123,651	25.3	10.8	10.5	11.9
<b>95-99</b>	5,823	3.8	286,103	77,646	208,457	27.1	15.0	14.2	17.7
<b>Top 1 Percent</b>	1,428	0.9	1,431,804	459,674	972,130	32.1	18.4	16.2	25.7
<b>Top 0.1 Percent</b>	142	0.1	6,683,662	2,357,235	4,326,427	35.3	8.5	7.2	13.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).  
Number of AMT Taxpayers (millions). Baseline: 16.6 Proposal: 16.8

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$11,939, 40% \$23,027, 60% \$39,580, 80% \$66,854, 90% \$96,556, 95% \$135,474, 99% \$347,747, 99.9% \$1,413,195.

(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.

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**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011 <sup>1</sup>**  
**Detail Table - Single Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	1.0	0.0	0.1	82.8	-10	-1.8	0.0	1.4	-0.1	7.0
<b>Second Quintile</b>	0.4	0.0	0.0	7.1	-1	0.0	0.0	5.2	0.0	11.2
<b>Middle Quintile</b>	0.3	0.0	0.0	7.1	-1	0.0	0.0	12.7	0.0	17.6
<b>Fourth Quintile</b>	0.1	0.0	0.0	1.4	0	0.0	0.0	19.6	0.0	21.2
<b>Top Quintile</b>	0.1	0.0	0.0	1.6	0	0.0	0.0	60.9	0.0	28.3
<b>All</b>	0.4	0.0	0.0	100.0	-3	0.0	0.0	100.0	0.0	22.5
<b>Addendum</b>										
<b>80-90</b>	0.2	0.0	0.0	1.6	-1	0.0	0.0	17.4	0.0	25.1
<b>90-95</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	8.6	0.0	25.8
<b>95-99</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	15.0	0.0	27.2
<b>Top 1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	19.9	0.0	34.8
<b>Top 0.1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	9.4	0.0	38.6

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
<b>Lowest Quintile</b>	16,453	24.2	7,653	548	7,105	7.2	4.6	5.5	1.5
<b>Second Quintile</b>	15,785	23.3	18,188	2,041	16,147	11.2	10.5	12.0	5.2
<b>Middle Quintile</b>	14,027	20.7	31,881	5,597	26,283	17.6	16.3	17.3	12.7
<b>Fourth Quintile</b>	10,881	16.0	52,390	11,110	41,280	21.2	20.8	21.1	19.6
<b>Top Quintile</b>	9,172	13.5	144,769	41,017	103,752	28.3	48.4	44.7	60.9
<b>All</b>	67,885	100.0	40,448	9,101	31,347	22.5	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	5,247	7.7	81,466	20,462	61,004	25.1	15.6	15.0	17.4
<b>90-95</b>	1,793	2.6	114,230	29,432	84,797	25.8	7.5	7.2	8.5
<b>95-99</b>	1,749	2.6	195,211	53,124	142,087	27.2	12.4	11.7	15.0
<b>Top 1 Percent</b>	383	0.6	924,978	321,685	603,294	34.8	12.9	10.9	19.9
<b>Top 0.1 Percent</b>	34	0.1	4,473,332	1,728,410	2,744,922	38.6	5.5	4.3	9.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

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

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(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$11,939, 40% \$23,027, 60% \$39,580, 80% \$66,854, 90% \$96,556, 95% \$135,474, 99% \$347,747, 99.9% \$1,413,195.

(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.

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**Make Credit Fully Refundable: 50-Percent Participation Assumption**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	0.9	0.0	0.0	3.5	-4	-1.6	0.0	0.1	0.0	1.9
<b>Second Quintile</b>	2.6	0.0	0.0	9.0	-8	-0.3	0.0	1.5	0.0	9.9
<b>Middle Quintile</b>	6.0	0.0	0.1	34.0	-22	-0.3	0.0	5.5	0.0	15.1
<b>Fourth Quintile</b>	7.9	0.0	0.0	51.6	-25	-0.1	0.0	15.2	0.0	19.4
<b>Top Quintile</b>	0.4	0.0	0.0	1.7	-1	0.0	0.0	77.6	0.0	27.4
<b>All</b>	3.7	0.0	0.0	100.0	-12	0.0	0.0	100.0	0.0	24.0
<b>Addendum</b>										
<b>80-90</b>	0.7	0.0	0.0	1.4	-1	0.0	0.0	15.6	0.0	23.7
<b>90-95</b>	0.1	0.0	0.0	0.1	0	0.0	0.0	13.8	0.0	25.2
<b>95-99</b>	0.1	0.0	0.0	0.1	0	0.0	0.0	19.7	0.0	27.2
<b>Top 1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	28.5	0.0	31.5
<b>Top 0.1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	14.4	0.0	34.6

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
<b>Lowest Quintile</b>	6,220	10.2	12,978	254	12,724	2.0	1.1	1.4	0.1
<b>Second Quintile</b>	8,746	14.4	30,404	3,004	27,400	9.9	3.7	4.3	1.5
<b>Middle Quintile</b>	11,392	18.7	55,534	8,400	47,133	15.1	8.7	9.7	5.5
<b>Fourth Quintile</b>	15,301	25.2	89,245	17,370	71,875	19.5	18.8	19.9	15.2
<b>Top Quintile</b>	18,311	30.1	270,238	73,941	196,298	27.4	68.1	65.1	77.5
<b>All</b>	60,792	100.0	119,608	28,721	90,887	24.0	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	8,308	13.7	138,140	32,723	105,418	23.7	15.8	15.9	15.6
<b>90-95</b>	5,185	8.5	184,120	46,350	137,770	25.2	13.1	12.9	13.8
<b>95-99</b>	3,832	6.3	329,973	89,819	240,153	27.2	17.4	16.7	19.7
<b>Top 1 Percent</b>	986	1.6	1,603,838	504,561	1,099,278	31.5	21.8	19.6	28.5
<b>Top 0.1 Percent</b>	100	0.2	7,292,608	2,524,969	4,767,639	34.6	10.0	8.6	14.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

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

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

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$11,939, 40% \$23,027, 60% \$39,580, 80% \$66,854, 90% \$96,556, 95% \$135,474, 99% \$347,747, 99.9% \$1,413,195.

(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.

**Table T10-0018**  
**Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and**  
**Make Credit Fully Refundable: 50-Percent Participation Assumption**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	6.5	0.0	0.5	35.1	-60	6.6	-0.4	-5.4	-0.5	-8.0
<b>Second Quintile</b>	12.9	0.0	0.2	29.6	-53	-2.6	-0.2	10.8	-0.2	7.3
<b>Middle Quintile</b>	17.6	0.0	0.2	21.6	-58	-0.8	0.1	27.4	-0.1	16.5
<b>Fourth Quintile</b>	15.4	0.0	0.1	12.3	-60	-0.4	0.2	30.8	-0.1	21.2
<b>Top Quintile</b>	3.8	0.0	0.0	1.4	-16	0.0	0.3	36.3	0.0	26.0
<b>All</b>	11.6	0.0	0.2	100.0	-55	-1.0	0.0	100.0	-0.1	15.0
<b>Addendum</b>										
<b>80-90</b>	6.0	0.0	0.0	1.3	-26	-0.1	0.1	12.4	0.0	23.8
<b>90-95</b>	0.5	0.0	0.0	0.0	-2	0.0	0.1	6.8	0.0	25.2
<b>95-99</b>	0.0	0.0	0.0	0.0	0	0.0	0.1	7.3	0.0	24.3
<b>Top 1 Percent</b>	0.8	0.0	0.0	0.0	-5	0.0	0.1	9.8	0.0	32.0
<b>Top 0.1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.1	4.9	0.0	34.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
<b>Lowest Quintile</b>	7,828	32.4	12,145	-907	13,052	-7.5	10.2	13.0	-5.1
<b>Second Quintile</b>	7,381	30.5	27,927	2,083	25,844	7.5	22.2	24.2	10.9
<b>Middle Quintile</b>	4,991	20.6	46,364	7,715	38,649	16.6	24.9	24.5	27.4
<b>Fourth Quintile</b>	2,741	11.3	74,093	15,733	58,360	21.2	21.9	20.3	30.7
<b>Top Quintile</b>	1,111	4.6	175,378	45,585	129,793	26.0	21.0	18.3	36.0
<b>All</b>	24,178	100.0	38,406	5,818	32,588	15.2	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	682	2.8	106,498	25,417	81,080	23.9	7.8	7.0	12.3
<b>90-95</b>	241	1.0	155,730	39,258	116,472	25.2	4.1	3.6	6.7
<b>95-99</b>	155	0.6	269,959	65,464	204,495	24.3	4.5	4.0	7.2
<b>Top 1 Percent</b>	32	0.1	1,323,451	423,592	899,859	32.0	4.6	3.7	9.7
<b>Top 0.1 Percent</b>	3	0.0	6,199,747	2,164,681	4,035,067	34.9	2.1	1.6	4.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

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

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

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$11,939, 40% \$23,027, 60% \$39,580, 80% \$66,854, 90% \$96,556, 95% \$135,474, 99% \$347,747, 99.9% \$1,413,195.

(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.

**Table T10-0018**  
**Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and**  
**Make Credit Fully Refundable: 50-Percent Participation Assumption**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**  
**Detail Table - Tax Units with Children**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	6.3	0.0	0.4	27.1	-56	5.0	-0.1	-1.2	-0.4	-8.9
<b>Second Quintile</b>	11.4	0.0	0.2	21.1	-44	-1.7	0.0	2.6	-0.1	8.2
<b>Middle Quintile</b>	15.4	0.0	0.1	25.2	-53	-0.5	0.0	10.0	-0.1	17.4
<b>Fourth Quintile</b>	16.3	0.0	0.1	25.0	-54	-0.3	0.0	19.7	-0.1	21.4
<b>Top Quintile</b>	1.3	0.0	0.0	1.5	-4	0.0	0.1	68.8	0.0	28.5
<b>All</b>	10.3	0.0	0.1	100.0	-43	-0.2	0.0	100.0	-0.1	23.0
<b>Addendum</b>										
<b>80-90</b>	2.3	0.0	0.0	1.4	-7	0.0	0.0	17.7	0.0	25.2
<b>90-95</b>	0.3	0.0	0.0	0.1	-1	0.0	0.0	10.8	0.0	25.9
<b>95-99</b>	0.2	0.0	0.0	0.0	-1	0.0	0.0	17.0	0.0	28.4
<b>Top 1 Percent</b>	0.1	0.0	0.0	0.0	0	0.0	0.1	23.3	0.0	33.4
<b>Top 0.1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	11.5	0.0	35.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
<b>Lowest Quintile</b>	10,146	20.8	13,131	-1,114	14,245	-8.5	3.0	4.3	-1.1
<b>Second Quintile</b>	10,182	20.8	31,660	2,623	29,038	8.3	7.3	8.7	2.6
<b>Middle Quintile</b>	10,047	20.5	58,167	10,187	47,980	17.5	13.2	14.2	10.0
<b>Fourth Quintile</b>	9,721	19.9	96,287	20,644	75,644	21.4	21.2	21.6	19.7
<b>Top Quintile</b>	8,416	17.2	292,032	83,212	208,819	28.5	55.6	51.7	68.7
<b>All</b>	48,902	100.0	90,398	20,862	69,536	23.1	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	4,474	9.2	160,074	40,308	119,766	25.2	16.2	15.8	17.7
<b>90-95</b>	2,031	4.2	208,849	54,074	154,775	25.9	9.6	9.2	10.8
<b>95-99</b>	1,536	3.1	396,436	112,757	283,678	28.4	13.8	12.8	17.0
<b>Top 1 Percent</b>	376	0.8	1,884,947	630,411	1,254,536	33.4	16.0	13.9	23.2
<b>Top 0.1 Percent</b>	36	0.1	9,014,245	3,224,083	5,790,162	35.8	7.4	6.2	11.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

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

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

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$11,939, 40% \$23,027, 60% \$39,580, 80% \$66,854, 90% \$96,556, 95% \$135,474, 99% \$347,747, 99.9% \$1,413,195.

(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.

**Table T10-0018**  
**Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and**  
**Make Credit Fully Refundable: 50-Percent Participation Assumption**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2011 <sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	0.1	0.0	0.0	28.1	0	-0.2	0.0	0.2	0.0	2.3
<b>Second Quintile</b>	0.0	0.0	0.0	0.3	0	0.0	0.0	1.5	0.0	3.8
<b>Middle Quintile</b>	0.2	0.0	0.0	40.0	0	0.0	0.0	3.5	0.0	6.3
<b>Fourth Quintile</b>	0.1	0.0	0.0	24.3	0	0.0	0.0	10.6	0.0	12.0
<b>Top Quintile</b>	0.0	0.0	0.0	7.3	0	0.0	0.0	84.1	0.0	26.2
<b>All</b>	0.1	0.0	0.0	100.0	0	0.0	0.0	100.0	0.0	19.5
<b>Addendum</b>										
<b>80-90</b>	0.1	0.0	0.0	7.3	0	0.0	0.0	10.1	0.0	18.2
<b>90-95</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	11.4	0.0	21.3
<b>95-99</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	21.9	0.0	25.2
<b>Top 1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	40.7	0.0	32.5
<b>Top 0.1 Percent</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	20.6	0.0	36.1

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2011 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes	
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total	
<b>Lowest Quintile</b>	4,348	14.7	9,801	227	9,574	2.3	2.0	2.4	0.2	
<b>Second Quintile</b>	7,946	26.8	20,388	781	19,607	3.8	7.6	9.0	1.5	
<b>Middle Quintile</b>	6,155	20.7	38,029	2,380	35,649	6.3	10.9	12.7	3.5	
<b>Fourth Quintile</b>	5,447	18.4	67,549	8,130	59,419	12.0	17.2	18.7	10.6	
<b>Top Quintile</b>	5,552	18.7	241,246	63,219	178,028	26.2	62.5	57.2	84.1	
<b>All</b>	29,671	100.0	72,264	14,068	58,196	19.5	100.0	100.0	100.0	
<b>Addendum</b>										
<b>80-90</b>	2,283	7.7	101,663	18,500	83,163	18.2	10.8	11.0	10.1	
<b>90-95</b>	1,440	4.9	154,504	32,891	121,613	21.3	10.4	10.1	11.4	
<b>95-99</b>	1,410	4.8	256,863	64,775	192,087	25.2	16.9	15.7	21.9	
<b>Top 1 Percent</b>	418	1.4	1,249,575	406,621	842,955	32.5	24.4	20.4	40.7	
<b>Top 0.1 Percent</b>	41	0.1	5,802,387	2,092,684	3,709,704	36.1	11.1	8.8	20.6	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).  
 Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units.

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(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.