

Table T10-0016
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000
Tax Benefit Compared to Current Law Plus EGTRRA Extension and Allowance Against AMT, 2011 ¹

Cash Income Class (thousands of 2009 dollars) ^{2,3}	Baseline: EGTRRA Extension and AMT Allowance					Increased Phaseout Threshold					Change in Tax Benefit Due to Increased Phaseout Threshold					
	Tax Units with a Benefit		Tax Benefit		Average Benefit (\$)	Tax Units with a Benefit		Tax Benefit		Average Benefit (\$)	New Beneficiaries (thousands) ⁴	Tax Units with an Increased Benefit ⁵		Change in Tax Benefit		Average Increase in Tax Benefit (Dollars) ⁶
	Number (thousands)	Percent Of Total	Amount (\$ millions)	Percent Of Total		Number (thousands)	Percent Of Total	Amount (\$ millions)	Percent Of Total			Number (thousands)	Percent of Total	Amount (\$ millions)	Percent of Total	
Less than 10	0	0.0	0.0	0.0	n/a	0	0.0	0.0	0.0	n/a	0	0	0.0	0.0	0.0	0
10-20	36	0.6	11.7	0.4	325	36	0.6	11.8	0.3	326	0	6	0.1	0.0	0.0	6
20-30	355	6.1	171.1	5.7	481	355	6.0	187.8	4.5	528	0	169	4.4	16.7	1.4	99
30-40	676	11.6	350.2	11.7	518	676	11.4	450.6	10.9	666	0	534	13.8	100.3	8.6	188
40-50	591	10.2	299.3	10.0	506	597	10.1	469.1	11.3	785	6	541	14.0	169.8	14.6	314
50-75	1,097	18.8	527.4	17.7	481	1,137	19.2	900.4	21.7	792	41	1,058	27.4	373.0	32.0	352
75-100	1,022	17.6	510.2	17.1	499	1,076	18.2	879.9	21.2	818	54	1,006	26.1	369.7	31.7	368
100-200	1,661	28.5	897.7	30.1	540	1,670	28.2	1,032.6	24.9	618	8	542	14.0	134.8	11.6	249
200-500	331	5.7	184.1	6.2	556	331	5.6	184.9	4.5	559	0	3	0.1	0.8	0.1	240
500-1,000	38	0.7	23.5	0.8	618	38	0.6	23.5	0.6	620	0	2	0.0	0.1	0.0	39
More than 1,000	11	0.2	7.1	0.2	654	11	0.2	7.1	0.2	654	0	0	0.0	0.0	0.0	0
All	5,819	100.0	2,982.4	100.0	513	5,928	100.0	4,147.7	100.0	700	109	3,862	100.0	1,165.4	100.0	302

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. Tax benefits are measured as the difference in individual income tax liability with and without the credit.

(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) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) Number of tax units with no benefit from the credit under the baseline and a positive benefit under the proposal.

(5) Includes both new beneficiaries and those tax units with a positive benefit under the baseline but a higher benefit under the proposal.

(6) The average increase is calculated only for those who actually receive a change in tax benefits because of the proposal.