

Table T10-0022
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and Make Fully Refundable with 90-Percent Participation Assumption
Tax Benefit Compared to Current Law Plus EGTRRA Extension and Allowance Against AMT, 2011¹

Cash Income Class (thousands of 2009 dollars) ^{2,3}	Baseline: EGTRRA Extension and AMT Allowance					Increase Phaseout Threshold and Make Refundable					Change in Tax Benefit Due to Increased Phaseout Threshold and Refundability					
	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	427	5.0	431.9	7.0	1,012	427	427	6.5	431.9	13.7	1,012
10-20	36	0.6	11.7	0.4	325	1,035	12.2	812.6	13.2	786	998	1,014	15.5	800.9	25.3	789
20-30	355	6.1	171.1	5.7	481	1,003	11.8	620.3	10.1	618	647	881	13.4	449.2	14.2	510
30-40	676	11.6	350.2	11.7	518	930	10.9	604.5	9.8	650	253	823	12.6	254.3	8.0	309
40-50	591	10.2	299.3	10.0	506	704	8.3	515.5	8.4	732	113	655	10.0	216.2	6.8	330
50-75	1,097	18.8	527.4	17.7	481	1,226	14.4	977.7	15.9	798	129	1,149	17.5	450.3	14.2	392
75-100	1,022	17.6	510.2	17.1	499	1,102	13.0	918.8	15.0	834	80	1,036	15.8	408.7	12.9	394
100-200	1,661	28.5	897.7	30.1	540	1,679	19.8	1,042.1	17.0	621	17	551	8.4	144.3	4.6	262
200-500	331	5.7	184.1	6.2	556	332	3.9	186.0	3.0	560	1	5	0.1	1.8	0.1	403
500-1,000	38	0.7	23.5	0.8	618	38	0.5	23.7	0.4	620	0	2	0.0	0.2	0.0	123
More than 1,000	11	0.2	7.1	0.2	654	11	0.1	7.1	0.1	654	0	0	0.0	0.0	0.0	0
All	5,819	100.0	2,982.4	100.0	513	8,495	100.0	6,144.4	100.0	723	2,676	6,552	100.0	3,162.0	100.0	483

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 90-percent participation rate for newly-eligible tax units. 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.