

**Table T10-0023**  
**Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000**  
**Tax Benefit Compared to Current Law Plus AMT Patch, 2010<sup>1</sup>**

| Cash Income Class<br>(thousands of 2009<br>dollars) <sup>2,3</sup> | Baseline: Current Law Plus AMT Patch |                     |                         |                     |                         | Increased Phaseout Threshold |                     |                         |                     |                         | Change in Tax Benefit Due to Increased Phaseout Threshold |   |                     |                         |                     |   |
|--|--------------------------------------|---------------------|-------------------------|---------------------|-------------------------|------------------------------|---------------------|-------------------------|---------------------|-------------------------|---|---|---------------------|-------------------------|---------------------|---|
|  | Tax Units with a Benefit             |                     | Tax Benefit             |                     | Average<br>Benefit (\$) | Tax Units with a Benefit     |                     | Tax Benefit             |                     | Average<br>Benefit (\$) | New<br>Beneficiaries<br>(thousands) <sup>4</sup>          | Tax Units with an<br>Increased Benefit <sup>5</sup> |                     | Change in Tax Benefit   |                     | Average<br>Increase in<br>Tax Benefit<br>(Dollars) <sup>6</sup> |
|  | Number<br>(thousands)                | Percent Of<br>Total | Amount (\$<br>millions) | Percent Of<br>Total |                         | Number<br>(thousands)        | Percent Of<br>Total | Amount (\$<br>millions) | Percent Of<br>Total |                         |   | Number<br>(thousands)                               | Percent of<br>Total | Amount (\$<br>millions) | Percent of<br>Total |   |
| <b>Less than 10</b>  | 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   |
| <b>10-20</b>   | 141                                  | 2.1                 | 29.2                    | 0.8                 | 207                     | 141                          | 2.1                 | 29.5                    | 0.6                 | 209                     | 0   | 13  | 0.3                 | 0.2                     | 0.0                 | 18  |
| <b>20-30</b>   | 618                                  | 9.3                 | 266.1                   | 7.5                 | 430                     | 621                          | 9.3                 | 285.3                   | 5.8                 | 460                     | 0   | 241   | 5.3                 | 19.2                    | 1.4                 | 80  |
| <b>30-40</b>   | 816                                  | 12.2                | 430.5                   | 12.1                | 528                     | 816                          | 12.2                | 534.8                   | 10.8                | 656                     | 0   | 626   | 13.9                | 104.3                   | 7.5                 | 166   |
| <b>40-50</b>   | 630                                  | 9.4                 | 348.3                   | 9.8                 | 553                     | 629                          | 9.4                 | 518.0                   | 10.5                | 823                     | 0   | 586   | 13.0                | 169.7                   | 12.2                | 290   |
| <b>50-75</b>   | 1,212                                | 18.2                | 677.3                   | 19.1                | 559                     | 1,212                        | 18.2                | 1,156.7                 | 23.4                | 954                     | 0   | 1,190   | 26.3                | 479.5                   | 34.3                | 403   |
| <b>75-100</b>  | 1,132                                | 17.0                | 627.3                   | 17.7                | 554                     | 1,132                        | 17.0                | 1,071.5                 | 21.7                | 946                     | 0   | 1,122   | 24.9                | 444.2                   | 31.8                | 396   |
| <b>100-200</b>   | 1,732                                | 26.0                | 959.4                   | 27.0                | 554                     | 1,732                        | 26.0                | 1,135.1                 | 22.9                | 656                     | 0   | 726   | 16.1                | 175.7                   | 12.6                | 242   |
| <b>200-500</b>   | 339                                  | 5.1                 | 183.1                   | 5.2                 | 540                     | 339                          | 5.1                 | 185.4                   | 3.7                 | 546                     | 0   | 10  | 0.2                 | 2.3                     | 0.2                 | 238   |
| <b>500-1,000</b>   | 38                                   | 0.6                 | 22.9                    | 0.6                 | 605                     | 38                           | 0.6                 | 23.7                    | 0.5                 | 627                     | 0   | 1   | 0.0                 | 0.8                     | 0.1                 | 586   |
| <b>More than 1,000</b>   | 10                                   | 0.1                 | 6.2                     | 0.2                 | 634                     | 10                           | 0.1                 | 6.2                     | 0.1                 | 634                     | 0   | 0   | 0.0                 | 0.0                     | 0.0                 | 0   |
| <b>All</b>   | 6,668                                | 100.0               | 3,550.3                 | 100.0               | 532                     | 6,670                        | 100.0               | 4,946.3                 | 100.0               | 742                     | 0   | 4,515   | 100.0               | 1,396.0                 | 100.0               | 309   |

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

(1) Calendar year. Baseline is current law plus an AMT patch consisting of the following provisions: extending the 2009 AMT exemption amounts (indexed for inflation); indexing the AMT tax bracket and exemption phaseout thresholds for inflation; and allowing personal non-refundable credits (including the CDCTC) 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.