

Table T13-0251
Options to Reform the Child Tax Credit
Change in Individual Income Tax Revenue, 2014-2023¹
Baseline: Current Law

	Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-23
Fiscal Year Revenue Effects (\$ billions)²											
Option 1: Extend \$3,000 refundability threshold through 2023 ³	0.0	0.0	0.0	0.0	-1.8	-9.1	-9.3	-9.4	-9.6	-9.6	-48.7
Option 2: Eliminate earnings refundability threshold ⁴	-0.5	-2.3	-2.2	-2.1	-4.1	-12.2	-12.4	-12.6	-12.7	-12.8	-73.9
Option 3: Make the CTC fully refundable ⁵	-1.4	-6.8	-6.5	-6.2	-8.0	-16.2	-16.3	-16.4	-16.4	-16.3	-110.4
Option 4: Option 3 plus eliminate the phase-out for high AGI ⁶	-3.1	-15.6	-16.6	-17.7	-20.7	-29.8	-30.9	-31.9	-33.0	-34.0	-233.3
Option 5: Option 4 with the \$1,000 credit indexed starting in 2015 ⁷	-3.1	-15.9	-18.3	-20.9	-25.4	-36.2	-39.5	-42.2	-45.6	-48.8	-296.0
Calendar Year Revenue Effects (\$ billions)											
Option 1: Extend \$3,000 refundability threshold through 2023 ³	0.0	0.0	0.0	0.0	-9.0	-9.2	-9.4	-9.5	-9.6	-9.7	-56.5
Option 2: Eliminate earnings refundability threshold ⁴	-2.3	-2.2	-2.1	-2.0	-12.2	-12.4	-12.6	-12.7	-12.8	-12.8	-84.2
Option 3: Make the CTC fully refundable ⁵	-6.9	-6.5	-6.3	-6.0	-16.1	-16.3	-16.4	-16.4	-16.3	-16.2	-123.3
Option 4: Option 3 plus eliminate the phase-out for high AGI ⁶	-15.4	-16.3	-17.5	-18.5	-29.6	-30.7	-31.7	-32.8	-33.7	-34.8	-261.1
Option 5: Option 4 with the \$1,000 credit indexed starting in 2015 ⁷	-15.4	-17.8	-20.4	-22.9	-35.6	-38.9	-41.6	-44.9	-48.3	-51.0	-336.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-1)

(1) Revenue estimates include the effects of microdynamic behavioral responses.

(2) Fiscal year revenue is estimated to be 80 percent of revenue from the previous calendar year plus 20 percent of revenue from the current calendar year.

(3) Proposal allows the earnings threshold at which refundability begins to phase in to remain at \$3,000 (unindexed) for years 2018 to 2023.

(4) Proposal reduces the earnings threshold at which refundability begins to phase in to \$1 for all years. The refunded amount still cannot be more than 15 percent of earnings. Effective 1/1/14.

(5) Proposal provides a fully refundable and unindexed \$1,000 credit per child to all qualifying tax units with income under the phase-out thresholds. Effective 1/1/14.

(6) Proposal provides a fully refundable and unindexed \$1,000 credit per child to all qualifying tax units. The credit would not phase out for high-income taxpayers. Effective 1/1/14.

(7) Proposal provides a fully refundable and indexed \$1,000 credit per child to all qualifying tax units. The credit would be indexed for inflation beginning in 2015 using the CPI-U and would not phase out for high-income taxpayers. Effective 1/1/14.