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**Table T13-0292**  
**Index Maximum Eligible Expense and AGI Phasedown Threshold and Step Size for the Child and Dependent Care Credit**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2023 <sup>1</sup>**  
**Summary Table**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units with Tax Increase or Cut <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 (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
<b>Lowest Quintile</b>	0.2	-79	0.0	0	0.0	1.1	0	0.0	4.5
<b>Second Quintile</b>	2.3	-152	0.0	0	0.0	17.8	-4	0.0	8.6
<b>Middle Quintile</b>	3.3	-152	0.0	0	0.0	23.4	-5	0.0	14.8
<b>Fourth Quintile</b>	4.8	-164	0.0	0	0.0	29.8	-8	0.0	17.2
<b>Top Quintile</b>	4.8	-171	0.0	0	0.0	27.9	-8	0.0	25.6
<b>All</b>	2.7	-159	0.0	0	0.0	100.0	-4	0.0	20.2
<b>Addendum</b>									
<b>80-90</b>	5.3	-166	0.0	0	0.0	15.1	-9	0.0	19.4
<b>90-95</b>	5.6	-179	0.0	0	0.0	8.2	-10	0.0	21.3
<b>95-99</b>	3.4	-175	0.0	0	0.0	4.0	-6	0.0	24.2
<b>Top 1 Percent</b>	2.0	-187	0.0	0	0.0	0.6	-4	0.0	33.0
<b>Top 0.1 Percent</b>	1.4	-191	0.0	0	0.0	0.1	-3	0.0	34.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2).

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.1

\* Less than 0.05

\*\* Insufficient data

(1) Calendar year. Baseline is current law. Proposal would index the \$3000 (\$6,000 for two or more eligible individuals) maximum eligible expenses for the child and dependent care credit. Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment. Indexed amounts in all options would be rounded to the next lowest multiple of \$50. For a description of TPC's current law baseline, see

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

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

(3) The 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 2013 dollars): 20% \$26,827; 40% \$54,460; 60% \$95,241; 80% \$156,821; 90% \$230,152; 95% \$304,802; 99% \$784,795; 99.9% \$4,787,602.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

**Table T13-0292**  
**Index Maximum Eligible Expense and AGI Phasedown Threshold and Step Size for the Child and Dependent Care Credit**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2023 <sup>1</sup>**  
**Detail Table**

Expanded 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
Lowest Quintile	0.2	0.0	0.0	1.1	0	0.0	0.0	0.9	0.0	4.5
Second Quintile	2.3	0.0	0.0	17.8	-4	-0.1	0.0	3.6	0.0	8.6
Middle Quintile	3.3	0.0	0.0	23.4	-5	0.0	0.0	10.6	0.0	14.8
Fourth Quintile	4.8	0.0	0.0	29.8	-8	0.0	0.0	16.7	0.0	17.2
Top Quintile	4.8	0.0	0.0	27.9	-8	0.0	0.0	68.1	0.0	25.6
All	2.7	0.0	0.0	100.0	-4	0.0	0.0	100.0	0.0	20.2
<b>Addendum</b>										
80-90	5.3	0.0	0.0	15.1	-9	0.0	0.0	13.0	0.0	19.4
90-95	5.6	0.0	0.0	8.2	-10	0.0	0.0	9.6	0.0	21.3
95-99	3.4	0.0	0.0	4.0	-6	0.0	0.0	14.4	0.0	24.2
Top 1 Percent	2.0	0.0	0.0	0.6	-4	0.0	0.0	31.1	0.0	33.0
Top 0.1 Percent	1.4	0.0	0.0	0.1	-3	0.0	0.0	14.7	0.0	34.8

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile, 2023 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	44,500	25.8	19,943	4.0	896	0.9	19,046	4.8	4.5	
Second Quintile	37,598	21.8	48,962	8.4	4,208	3.6	44,754	9.6	8.6	
Middle Quintile	35,272	20.4	90,176	14.5	13,341	10.6	76,834	15.4	14.8	
Fourth Quintile	28,346	16.4	152,357	19.6	26,153	16.7	126,204	20.4	17.2	
Top Quintile	25,147	14.6	468,910	53.6	120,172	68.0	348,738	50.0	25.6	
All	172,542	100.0	127,451	100.0	25,740	100.0	101,711	100.0	20.2	
<b>Addendum</b>										
80-90	12,783	7.4	232,985	13.5	45,234	13.0	187,751	13.7	19.4	
90-95	6,110	3.5	326,077	9.1	69,532	9.6	256,545	8.9	21.3	
95-99	4,970	2.9	529,322	12.0	128,185	14.3	401,137	11.4	24.2	
Top 1 Percent	1,284	0.7	3,263,234	19.1	1,076,081	31.1	2,187,153	16.0	33.0	
Top 0.1 Percent	130	0.1	14,515,561	8.6	5,049,507	14.7	9,466,054	7.0	34.8	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2).

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.1

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would index the \$3000 (\$6,000 for two or more eligible individuals) maximum eligible expenses for the child and dependent care credit. Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment. Indexed amounts in all options would be rounded to the next lowest multiple of \$50. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The 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 2013 dollars): 20% \$26,827; 40% \$54,460; 60% \$95,241; 80% \$156,821; 90% \$230,152; 95% \$304,802; 99% \$784,795; 99.9% \$4,787,602.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

**Table T13-0292**  
**Index Maximum Eligible Expense and AGI Phasedown Threshold and Step Size for the Child and Dependent Care Credit**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**  
**Detail Table**

Expanded 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
Lowest Quintile	0.3	0.0	0.0	1.2	0	-0.1	0.0	0.2	0.0	1.5
Second Quintile	2.7	0.0	0.0	19.9	-4	-0.1	0.0	2.8	0.0	7.9
Middle Quintile	4.0	0.0	0.0	29.4	-6	-0.1	0.0	8.1	0.0	13.0
Fourth Quintile	4.1	0.0	0.0	29.1	-7	0.0	0.0	16.5	0.0	16.9
Top Quintile	2.9	0.0	0.0	20.4	-5	0.0	0.0	72.2	0.0	25.3
All	2.7	0.0	0.0	100.0	-4	0.0	0.0	100.0	0.0	20.2
<b>Addendum</b>										
80-90	3.4	0.0	0.0	12.3	-6	0.0	0.0	14.1	0.0	19.5
90-95	3.0	0.0	0.0	5.2	-5	0.0	0.0	10.3	0.0	21.0
95-99	1.7	0.0	0.0	2.4	-3	0.0	0.0	15.9	0.0	23.9
Top 1 Percent	1.5	0.0	0.0	0.5	-3	0.0	0.0	31.9	0.0	32.8
Top 0.1 Percent	0.9	0.0	0.0	0.0	-2	0.0	0.0	15.4	0.0	34.8

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	36,160	21.0	18,975	3.1	282	0.2	18,693	3.9	1.5
Second Quintile	36,291	21.0	43,302	7.2	3,431	2.8	39,871	8.2	7.9
Middle Quintile	33,999	19.7	81,191	12.6	10,574	8.1	70,617	13.7	13.0
Fourth Quintile	32,725	19.0	132,961	19.8	22,429	16.5	110,532	20.6	16.9
Top Quintile	31,689	18.4	399,202	57.5	101,100	72.1	298,101	53.8	25.3
All	#####	100.0	127,451	100.0	25,740	100.0	101,711	100.0	20.2
<b>Addendum</b>									
80-90	16,056	9.3	199,688	14.6	38,892	14.1	160,796	14.7	19.5
90-95	7,679	4.5	283,717	9.9	59,524	10.3	224,193	9.8	21.0
95-99	6,475	3.8	455,053	13.4	108,706	15.9	346,347	12.8	23.9
Top 1 Percent	1,478	0.9	2,921,599	19.6	959,478	31.9	1,962,121	16.5	32.8
Top 0.1 Percent	151	0.1	13,029,427	9.0	4,534,084	15.4	8,495,343	7.3	34.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2).

Number of AMT Taxpayers (millions). Baseline: 6.1 Proposal: 6.1

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would index the \$3000 (\$6,000 for two or more eligible individuals) maximum eligible expenses for the child and dependent care credit. Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment. Indexed amounts in all options would be rounded to the next lowest multiple of \$50. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The 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 2013 dollars): 20% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,386; 99% \$476,111; 99.9% \$2,833,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

**Table T13-0292**  
**Index Maximum Eligible Expense and AGI Phasedown Threshold and Step Size for the Child and Dependent Care Credit**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**  
**Detail Table - Single Tax Units**

Expanded 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
Lowest Quintile	0.1	0.0	0.0	25.6	0	0.0	0.0	2.2	0.0	7.0
Second Quintile	0.2	0.0	0.0	36.7	0	0.0	0.0	5.9	0.0	8.9
Middle Quintile	0.2	0.0	0.0	26.0	0	0.0	0.0	12.0	0.0	13.1
Fourth Quintile	0.1	0.0	0.0	5.5	0	0.0	0.0	21.1	0.0	18.2
Top Quintile	0.1	0.0	0.0	6.2	0	0.0	0.0	58.6	0.0	25.4
All	0.1	0.0	0.0	100.0	0	0.0	0.0	100.0	0.0	18.7
<b>Addendum</b>										
80-90	0.1	0.0	0.0	3.8	0	0.0	0.0	14.9	0.0	20.5
90-95	0.1	0.0	0.0	2.2	0	0.0	0.0	7.7	0.0	21.2
95-99	*	0.0	0.0	0.2	0	0.0	0.0	13.6	0.0	24.0
Top 1 Percent	*	0.0	0.0	0.1	0	0.0	0.0	22.4	0.0	34.7
Top 0.1 Percent	0.1	0.0	0.0	0.0	0	0.0	0.0	11.4	0.0	37.2

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	20,234	27.4	14,557	5.9	1,012	2.2	13,545	6.8	7.0
Second Quintile	18,704	25.3	32,828	12.4	2,920	5.9	29,908	13.9	8.9
Middle Quintile	14,241	19.3	59,609	17.1	7,794	12.0	51,815	18.3	13.1
Fourth Quintile	11,410	15.4	94,226	21.7	17,174	21.1	77,052	21.8	18.2
Top Quintile	8,509	11.5	251,406	43.1	63,959	58.6	187,448	39.5	25.4
All	73,898	100.0	67,171	100.0	12,566	100.0	54,605	100.0	18.7
<b>Addendum</b>									
80-90	4,827	6.5	140,001	13.6	28,663	14.9	111,338	13.3	20.5
90-95	1,749	2.4	193,292	6.8	40,984	7.7	152,308	6.6	21.2
95-99	1,637	2.2	321,444	10.6	77,190	13.6	244,254	9.9	24.0
Top 1 Percent	295	0.4	2,029,492	12.1	704,026	22.4	1,325,466	9.7	34.7
Top 0.1 Percent	30	0.0	9,612,297	5.7	3,576,787	11.4	6,035,509	4.4	37.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2).

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would index the \$3000 (\$6,000 for two or more eligible individuals) maximum eligible expenses for the child and dependent care credit. Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment. Indexed amounts in all options would be rounded to the next lowest multiple of \$50. For a description of TPC's current law baseline, see

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

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

(3) The 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 2013 dollars): 20% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,386; 99% \$476,111; 99.9% \$2,833,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

**Table T13-0292**  
**Index Maximum Eligible Expense and AGI Phasedown Threshold and Step Size for the Child and Dependent Care Credit**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

Expanded 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
Lowest Quintile	0.1	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.5
Second Quintile	1.4	*	0.0	3.7	-2	0.0	0.0	1.4	0.0	8.1
Middle Quintile	4.2	0.0	0.0	21.9	-7	-0.1	0.0	5.5	0.0	12.7
Fourth Quintile	6.2	0.0	0.0	41.3	-10	0.0	0.0	14.3	0.0	16.2
Top Quintile	3.9	0.0	0.0	33.1	-7	0.0	0.0	78.6	0.0	25.2
All	3.9	0.0	0.0	100.0	-6	0.0	0.0	100.0	0.0	21.5
<b>Addendum</b>										
80-90	5.0	0.0	0.0	20.2	-9	0.0	0.0	14.2	0.0	19.0
90-95	3.7	0.0	0.0	8.1	-6	0.0	0.0	11.5	0.0	20.8
95-99	2.2	0.0	0.0	3.9	-4	0.0	0.0	17.3	0.0	23.8
Top 1 Percent	1.8	0.0	0.0	0.9	-3	0.0	0.0	35.6	0.0	32.6
Top 0.1 Percent	1.1	0.0	0.0	0.1	-2	0.0	0.0	16.8	0.0	34.5

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	5,436	8.0	26,576	1.0	142	0.0	26,435	1.2	0.5	
Second Quintile	9,236	13.5	58,765	3.6	4,762	1.4	54,003	4.3	8.1	
Middle Quintile	13,569	19.9	103,303	9.4	13,077	5.5	90,227	10.5	12.7	
Fourth Quintile	17,691	25.9	160,423	19.1	25,912	14.3	134,512	20.4	16.2	
Top Quintile	21,701	31.8	460,381	67.1	116,055	78.6	344,326	63.9	25.2	
All	68,289	100.0	218,177	100.0	46,936	100.0	171,241	100.0	21.5	
<b>Addendum</b>										
80-90	10,343	15.2	230,259	16.0	43,857	14.2	186,403	16.5	19.1	
90-95	5,634	8.3	314,413	11.9	65,431	11.5	248,982	12.0	20.8	
95-99	4,606	6.7	506,167	15.7	120,394	17.3	385,773	15.2	23.8	
Top 1 Percent	1,119	1.6	3,133,561	23.5	1,020,305	35.6	2,113,256	20.2	32.6	
Top 0.1 Percent	111	0.2	13,971,908	10.5	4,816,446	16.7	9,155,462	8.7	34.5	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2).

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would index the \$3000 (\$6,000 for two or more eligible individuals) maximum eligible expenses for the child and dependent care credit. Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment. Indexed amounts in all options would be rounded to the next lowest multiple of \$50. For a description of TPC's current law baseline, see

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

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

(3) The 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 2013 dollars): 20% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,386; 99% \$476,111; 99.9% \$2,833,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

**Table T13-0292**  
**Index Maximum Eligible Expense and AGI Phasedown Threshold and Step Size for the Child and Dependent Care Credit**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

Expanded 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
Lowest Quintile	0.9	0.0	0.0	1.9	-1	0.1	0.0	-5.7	0.0	-4.9
Second Quintile	10.6	*	0.0	42.8	-17	-0.6	-0.1	10.6	0.0	5.7
Middle Quintile	14.8	0.0	0.0	40.6	-23	-0.2	0.0	29.5	0.0	13.7
Fourth Quintile	8.8	0.0	0.0	12.3	-13	-0.1	0.0	30.3	0.0	17.9
Top Quintile	5.7	0.0	0.0	2.4	-8	0.0	0.1	35.1	0.0	25.2
All	7.3	0.0	0.0	100.0	-11	-0.1	0.0	100.0	0.0	12.1
<b>Addendum</b>										
80-90	3.9	0.0	0.0	1.1	-6	0.0	0.0	10.5	0.0	20.8
90-95	12.9	0.0	0.0	0.9	-17	0.0	0.0	4.7	0.0	23.0
95-99	4.8	0.0	0.0	0.3	-7	0.0	0.0	7.0	0.0	24.2
Top 1 Percent	4.9	0.0	0.0	0.1	-7	0.0	0.0	13.0	0.0	32.5
Top 0.1 Percent	6.1	0.0	0.0	0.0	-10	0.0	0.0	6.1	0.0	34.5

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	10,087	37.7	23,866	14.0	-1,163	-5.7	25,029	16.7	-4.9	
Second Quintile	7,600	28.4	50,782	22.5	2,902	10.6	47,880	24.1	5.7	
Middle Quintile	5,258	19.6	85,209	26.1	11,661	29.5	73,549	25.6	13.7	
Fourth Quintile	2,767	10.3	127,009	20.5	22,735	30.3	104,274	19.1	17.9	
Top Quintile	923	3.5	313,363	16.9	78,935	35.1	234,428	14.3	25.2	
All	26,775	100.0	64,111	100.0	7,758	100.0	56,353	100.0	12.1	
<b>Addendum</b>										
80-90	577	2.2	180,975	6.1	37,691	10.5	143,284	5.5	20.8	
90-95	161	0.6	261,097	2.5	60,072	4.7	201,024	2.2	23.0	
95-99	153	0.6	391,618	3.5	94,889	7.0	296,729	3.0	24.2	
Top 1 Percent	32	0.1	2,598,720	4.8	844,221	13.0	1,754,499	3.7	32.5	
Top 0.1 Percent	3	0.0	13,352,735	2.1	4,605,650	6.1	8,747,085	1.6	34.5	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2).

\* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would index the \$3000 (\$6,000 for two or more eligible individuals) maximum eligible expenses for the child and dependent care credit. Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment. Indexed amounts in all options would be rounded to the next lowest multiple of \$50. For a description of TPC's current law baseline, see

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

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

(3) The 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 2013 dollars): 20% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,386; 99% \$476,111; 99.9% \$2,833,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

**Table T13-0292**  
**Index Maximum Eligible Expense and AGI Phasedown Threshold and Step Size for the Child and Dependent Care Credit**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**  
**Detail Table - Tax Units with Children**

Expanded 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
Lowest Quintile	0.9	0.0	0.0	1.1	-1	0.0	0.0	-1.1	0.0	-6.0
Second Quintile	7.7	*	0.0	19.3	-12	-0.3	0.0	2.5	0.0	6.4
Middle Quintile	11.6	0.0	0.0	29.1	-19	-0.1	0.0	9.5	0.0	13.5
Fourth Quintile	12.3	0.0	0.0	29.5	-20	-0.1	0.0	18.4	0.0	16.9
Top Quintile	9.9	0.0	0.0	21.0	-17	0.0	0.0	70.6	0.0	25.8
All	8.1	0.0	0.0	100.0	-13	0.0	0.0	100.0	0.0	19.6
<b>Addendum</b>										
80-90	11.6	0.0	0.0	12.6	-20	0.0	0.0	14.1	0.0	19.8
90-95	9.7	0.0	0.0	5.3	-16	0.0	0.0	10.8	0.0	21.4
95-99	6.7	0.0	0.0	2.5	-11	0.0	0.0	14.4	0.0	24.8
Top 1 Percent	4.7	0.0	0.0	0.5	-9	0.0	0.0	31.3	0.0	33.3
Top 0.1 Percent	3.1	0.0	0.0	0.0	-6	0.0	0.0	14.0	0.0	34.9

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	12,783	22.9	25,475	3.7	-1,529	-1.1	27,005	4.9	-6.0
Second Quintile	11,562	20.7	58,693	7.7	3,787	2.5	54,906	9.0	6.5
Middle Quintile	11,260	20.2	108,192	13.8	14,596	9.5	93,596	14.9	13.5
Fourth Quintile	10,716	19.2	175,109	21.3	29,595	18.4	145,514	22.0	16.9
Top Quintile	9,078	16.3	521,220	53.6	134,245	70.6	386,975	49.5	25.8
All	55,806	100.0	158,057	100.0	30,953	100.0	127,103	100.0	19.6
<b>Addendum</b>									
80-90	4,587	8.2	267,619	13.9	52,955	14.1	214,664	13.9	19.8
90-95	2,398	4.3	364,153	9.9	77,795	10.8	286,358	9.7	21.4
95-99	1,641	2.9	612,636	11.4	151,611	14.4	461,026	10.7	24.8
Top 1 Percent	451	0.8	3,601,383	18.4	1,197,421	31.3	2,403,962	15.3	33.3
Top 0.1 Percent	43	0.1	16,030,592	7.9	5,588,220	14.0	10,442,372	6.4	34.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2).

\* Less than 0.05

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. Proposal would index the \$3000 (\$6,000 for two or more eligible individuals) maximum eligible expenses for the child and dependent care credit. Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment. Indexed amounts in all options would be rounded to the next lowest multiple of \$50. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The 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 2013 dollars): 20% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,386; 99% \$476,111; 99.9% \$2,833,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded 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 expanded cash income.

**Table T13-0292**  
**Index Maximum Eligible Expense and AGI Phasedown Threshold and Step Size for the Child and Dependent Care Credit**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Expanded 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
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	0.9
Second Quintile	0.1	0.0	0.0	9.5	0	0.0	0.0	1.2	0.0	2.8
Middle Quintile	0.1	0.0	0.0	26.1	0	0.0	0.0	6.4	0.0	8.0
Fourth Quintile	0.1	0.0	0.0	36.4	0	0.0	0.0	14.1	0.0	13.4
Top Quintile	0.1	0.0	0.0	28.0	0	0.0	0.0	78.1	0.0	24.1
All	0.1	0.0	0.0	100.0	0	0.0	0.0	100.0	0.0	17.8
<b>Addendum</b>										
80-90	0.1	0.0	0.0	21.7	0	0.0	0.0	12.9	0.0	16.6
90-95	0.1	0.0	0.0	4.3	0	0.0	0.0	10.3	0.0	19.0
95-99	0.0	0.0	0.0	0.2	0	0.0	0.0	17.0	0.0	22.4
Top 1 Percent	0.2	0.0	0.0	1.8	0	0.0	0.0	37.9	0.0	32.5
Top 0.1 Percent	0.1	0.0	0.0	0.2	0	0.0	0.0	17.9	0.0	34.7

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	5,833	13.3	17,250	2.0	153	0.1	17,097	2.4	0.9	
Second Quintile	10,414	23.7	36,841	7.5	1,036	1.2	35,805	8.8	2.8	
Middle Quintile	10,781	24.5	67,748	14.2	5,416	6.4	62,333	15.9	8.0	
Fourth Quintile	8,405	19.1	114,203	18.7	15,264	14.1	98,939	19.7	13.4	
Top Quintile	8,262	18.8	357,546	57.6	86,156	78.1	271,390	53.2	24.1	
All	43,929	100.0	116,780	100.0	20,746	100.0	96,034	100.0	17.8	
<b>Addendum</b>										
80-90	4,122	9.4	171,828	13.8	28,596	12.9	143,232	14.0	16.6	
90-95	2,025	4.6	243,653	9.6	46,206	10.3	197,446	9.5	19.0	
95-99	1,707	3.9	404,175	13.5	90,693	17.0	313,482	12.7	22.4	
Top 1 Percent	408	0.9	2,606,329	20.7	847,756	37.9	1,758,573	17.0	32.5	
Top 0.1 Percent	41	0.1	11,462,340	9.2	3,977,518	17.9	7,484,822	7.3	34.7	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2).

\* Less than 0.05

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. Proposal would index the \$3000 (\$6,000 for two or more eligible individuals) maximum eligible expenses for the child and dependent care credit. Under current law, the top 35 percent credit rate phases down 1 percentage point for each \$2,000 (or fraction thereof) by which adjusted gross income exceeds \$15,000. The rate does not fall below 20 percent. Proposal would index both the \$15,000 AGI threshold and the \$2,000 increment. Indexed amounts in all options would be rounded to the next lowest multiple of \$50. For a description of TPC's current law baseline, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

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(3) The 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 2013 dollars): 20% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,386; 99% \$476,111; 99.9% \$2,833,819.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

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