

Table T03-0155
Impact of Increasing the Child Tax Credit's Refundability Rate from 10% to 15%
on a Head of Household with Two Children under 17 in 2003 by Income

AGI (2002 dollars)	Income tax before credits	Child credit w/ 10% refundability rate	Income tax after child credit with 10% rate	Child credit w/ 15% refundability rate	Income tax after child credit with 15% rate	Increase in child credit in going from 10% to 15% rate	Earned income tax credit (EITC)	Payroll taxes @ 15.3% (employee plus employer)*	Income tax plus payroll tax minus EITC w/ 15% rate	Average tax rate	Marginal tax rate
0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
1,000	0	0	0	0	0	0	400	153	(247)	-24.70%	-24.70%
2,000	0	0	0	0	0	0	800	306	(494)	-24.70%	-24.70%
3,000	0	0	0	0	0	0	1,200	459	(741)	-24.70%	-24.70%
4,000	0	0	0	0	0	0	1,600	612	(988)	-24.70%	-24.70%
5,000	0	0	0	0	0	0	2,000	765	(1,235)	-24.70%	-24.70%
6,000	0	0	0	0	0	0	2,400	918	(1,482)	-24.70%	-24.70%
7,000	0	0	0	0	0	0	2,800	1,071	(1,729)	-24.70%	-24.70%
8,000	0	0	0	0	0	0	3,200	1,224	(1,976)	-24.70%	-24.70%
9,000	0	0	0	0	0	0	3,600	1,377	(2,223)	-24.70%	-24.70%
10,000	0	0	0	0	0	0	4,000	1,530	(2,470)	-24.70%	-24.70%
11,000	0	50	(50)	75	(75)	25	4,216	1,683	(2,608)	-23.71%	0.30%
12,000	0	150	(150)	225	(225)	75	4,216	1,836	(2,605)	-21.71%	0.30%
13,000	0	250	(250)	375	(375)	125	4,216	1,989	(2,602)	-20.02%	0.30%
14,000	0	350	(350)	525	(525)	175	4,165	2,142	(2,548)	-18.20%	21.36%
14351**	0	385	(385)	578	(578)	193	4,092	2,196	(2,473)	-17.24%	21.36%
15,000	0	450	(450)	675	(675)	225	3,955	2,295	(2,335)	-15.57%	21.36%
16,000	0	550	(550)	825	(825)	275	3,744	2,448	(2,121)	-13.26%	21.36%
17,000	85	735	(650)	1,060	(975)	325	3,534	2,601	(1,908)	-11.22%	21.36%
18,000	185	935	(750)	1,310	(1,125)	375	3,323	2,754	(1,694)	-9.41%	21.36%
19,000	285	1,135	(850)	1,560	(1,275)	425	3,112	2,907	(1,480)	-7.79%	21.36%
20,000	385	1,335	(950)	1,810	(1,425)	475	2,902	3,060	(1,267)	-6.33%	21.36%
21,000	485	1,535	(1,050)	2,000	(1,515)	465	2,691	3,213	(993)	-4.73%	46.36%
22,000	585	1,735	(1,150)	2,000	(1,415)	265	2,481	3,366	(530)	-2.41%	46.36%
23,000	685	1,935	(1,250)	2,000	(1,315)	65	2,270	3,519	(66)	-0.29%	46.36%
24,000	785	2,000	(1,215)	2,000	(1,215)	0	2,059	3,672	398	1.66%	46.36%
25,000	885	2,000	(1,115)	2,000	(1,115)	0	1,849	3,825	861	3.44%	46.36%
26,000	985	2,000	(1,015)	2,000	(1,015)	0	1,638	3,978	1,325	5.10%	46.36%
27,000	1,128	2,000	(873)	2,000	(873)	0	1,428	4,131	1,831	6.78%	51.36%
28,000	1,278	2,000	(723)	2,000	(723)	0	1,217	4,284	2,344	8.37%	51.36%
29,000	1,428	2,000	(573)	2,000	(573)	0	1,006	4,437	2,858	9.86%	51.36%
30,000	1,578	2,000	(423)	2,000	(423)	0	796	4,590	3,372	11.24%	51.36%

Source: Urban-Brookings Tax Policy Center calculations

* Technically, one should divide AGI by 1.0765 to credit the employee's income for the employer share of the Social Security tax paid on the employee's behalf.

Such a change would lower slightly average and marginal tax rates

** Poverty level

(1) Calendar year. Baseline is current law which includes the Jobs and Growth Tax Relief Reconciliation Act of 2003.

(2) All income assumed from earnings

(3) Children are assumed to qualify for EITC and child credit