

**Table T05-0194. EGTRRA Changes to the Child and Dependent Care Tax Credit
Distribution of Federal Tax Change by Cash Income Class, 2005¹**

Cash Income Class (thousands of 2005 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	3.6
10-20	0.1	0.0	0.0	0.2	0	0.0	0.0	1.0	0.0	4.8
20-30	1.9	0.0	0.0	11.1	-3	-0.1	0.0	2.7	0.0	10.1
30-40	4.7	0.0	0.0	25.2	-8	-0.2	0.0	4.2	0.0	14.4
40-50	4.0	0.0	0.0	12.0	-5	-0.1	0.0	4.9	0.0	16.8
50-75	2.9	0.0	0.0	17.4	-4	0.0	0.0	13.0	0.0	18.5
75-100	3.6	0.0	0.0	12.6	-5	0.0	0.0	11.4	0.0	20.0
100-200	3.8	0.0	0.0	17.6	-6	0.0	0.0	23.7	0.0	22.3
200-500	2.8	0.0	0.0	3.4	-5	0.0	0.0	15.3	0.0	25.4
500-1,000	1.6	0.0	0.0	0.4	-3	0.0	0.0	6.5	0.0	27.2
More than 1,000	1.7	0.0	0.0	0.2	-3	0.0	0.0	17.0	0.0	31.2
All	2.3	0.0	0.0	100.0	-4	0.0	0.0	100.0	0.0	20.7

**Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2005¹**

Cash Income Class (thousands of 2005 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ³ (Dollars)	Average Federal Tax Rate ⁴	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	19,560	13.5	5,618	200	5,418	3.6	1.3	1.5	0.2
10-20	25,611	17.7	14,885	707	14,178	4.8	4.4	5.2	1.0
20-30	19,953	13.8	24,715	2,494	22,221	10.1	5.6	6.4	2.7
30-40	15,289	10.6	34,863	5,036	29,827	14.5	6.1	6.6	4.2
40-50	11,738	8.1	44,824	7,517	37,307	16.8	6.0	6.3	4.9
50-75	20,700	14.3	61,482	11,359	50,123	18.5	14.5	15.0	13.0
75-100	11,936	8.3	86,246	17,293	68,953	20.1	11.8	11.9	11.4
100-200	14,432	10.0	133,489	29,800	103,688	22.3	22.0	21.6	23.7
200-500	3,797	2.6	287,471	72,947	214,524	25.4	12.5	11.7	15.3
500-1,000	642	0.4	678,426	184,610	493,816	27.2	5.0	4.6	6.5
More than 1,000	335	0.2	2,943,745	919,669	2,024,075	31.2	11.3	9.8	17.0
All	144,573	100.0	60,566	12,562	48,004	20.7	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-2).

(1) Calendar year. Baseline is current law but without the changes made to the Child and Dependent Care Tax Credit (CDCTC) by EGTRRA. EGTRRA makes the following changes to the CDCTC: increase the maximum credit rate from 30 to 35 percent; increase allowable expenses from \$2,400 to \$3,000 for one eligible individual and to \$6,000 from \$4,800 for two or more eligible individuals; increase the start of the phasedown of the credit rate from \$10,000 to \$15,000 of AGI.

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

(5) 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 cash income.