

Table T23-0086
Options to Modify Refundability of the Child Tax Credit (CTC)
Baseline: Current Law ¹

Impact on Tax Revenue (billions of current dollars), 2023-32 Calendar Years

Proposal	Calendar Years										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-32
1. Make CTC fully refundable ⁴	-14.7	-13.5	-12.7	-3.9	-3.6	-3.5	-3.4	-3.2	-3.1	-3.0	-64.7
2. Make CTC fully refundable for children under 6 ²	-6.6	-6.1	-5.7	-1.7	-1.5	-1.5	-1.4	-1.3	-1.3	-1.2	-28.3
3. Repeal CTC earned income threshold ³	-1.5	-1.5	-1.4	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	-7.7
4. Repeal CTC refundability limit enacted by the 2017 Tax Act ⁴	-1.9	-1.4	-1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.7
5. Increase CTC refundability rate from 15 percent per tax unit to 15 percent per child ⁵	-3.4	-3.7	-3.4	-0.7	-0.7	-0.6	-0.6	-0.5	-0.5	-0.4	-14.5
6. Combine options 3 through 5	-8.8	-7.8	-7.4	-1.1	-1.0	-0.9	-0.9	-0.8	-0.8	-0.7	-30.2
7. Establish minimum CTC of \$1,000 per child ⁶	-5.2	-5.5	-5.0	-1.7	-1.5	-1.4	-1.4	-1.3	-1.2	-1.2	-25.5
8. Phase the CTC in from \$0 to \$10,000 of earnings ⁷	-10.5	-9.4	-8.8	-1.7	-1.6	-1.5	-1.5	-1.4	-1.3	-1.2	-39.0
9. Increase maximum CTC to \$3,000 ⁸	-40.9	-42.1	-42.7	-86.9	-86.5	-85.9	-85.1	-84.2	-83.1	-82.3	-719.5

Source: Urban-Brookings Tax Policy Center (TPC) Microsimulation Model (version 0323-1).

(1) Baseline is the law currently in place for each year as of June 19, 2023. All proposals are retroactive to 01/01/2023.

(2) Proposal 1 would make the CTC fully refundable regardless of earned income or individual income tax liability. Proposals do not affect the Other Dependent Tax Credit. Proposal 2 would make the CTC fully refundable only for children under 6. Children ages 6 to 16 age would continue to receive the partially refundable CTC.

(3) Under current law, the Child Tax Credit (CTC) is refundable up to 15 percent of earnings in excess of \$2,500 through 2025 and \$3,000 thereafter. Proposal would repeal the earnings threshold so that the credit amount would be refundable beginning with the first dollar of earnings.

(4) Under current law, the refundable amount per child is limited to \$1,400, indexed for inflation after 2018 and rounded down to the nearest \$100. Proposal would repeal the limitation so that the entire per child amount would potentially be refundable. The limitation sunsets under current law on 12/31/2025.

(5) Under current law, the Child Tax Credit (CTC) phases in at a rate of 15 percent per tax unit. Proposal would phase the CTC in at a rate of 15 percent per child.

(6) Proposal would enact a minimum refundable amount of \$1,000 per qualifying child. The refundable credit amount would be the lesser of: (a) the amount of child tax credit remaining after (i) applying the income-based phase-out, (ii) offsetting any individual income tax liability, and (iii) applying the refundability limit (\$1,600 per child for 2023, indexed for inflation); and (b) \$1,000 per child plus 15 percent of earnings in excess of \$2,500.

(7) Proposal would phase the full Child Tax Credit (CTC) in ratably between \$0 and \$10,000 of earnings. Under current law, the CTC can offset taxes owed, even without earned income. Proposal would repeal that.

(8) Under current law, the maximum Child Tax Credit (CTC) is \$2,000 per child through 2025 and \$1,000 per child thereafter. Proposal would increase these amounts to \$3,000 per child under age 17.