

18-May-10

PRELIMINARY RESULTS

<http://www.taxpolicycenter.org>

**T10-0116**  
**Options for Reforming the Child Tax Credit (CTC)**  
**Static Impact on Number of Eligible Children (millions), 2010-11<sup>1</sup>**

	Year	
	2010	2011
<b><u>Kids Newly Eligible for the Child Tax Credit<sup>2</sup>:</u></b>		
Reduce refundability threshold to \$0		
Current Law <sup>3</sup>	0.9	28.4
Current Policy <sup>4</sup>	0.9	8.4
<b><u>Kids with Increased Child Tax Credit<sup>5</sup>:</u></b>		
Reduce refundability threshold to \$0		
Current Law	11.0	19.7
Current Policy	5.7	5.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-4).

(1) Estimates are static and do not account for any potential microeconomic behavioral response.

(2) Kids newly eligible for the CTC is the increase in number of children potentially eligible for the credit on returns claiming a non-zero value for the credit under the proposal as compared to the baseline.

(3) Baseline is current law. Proposal for 2010 reduces CTC refundability threshold from \$3,000 to \$0. Proposal for 2011 extends the CTC provisions in EGTRRA in addition to reducing the refundability threshold to \$0. These extensions include the allowance of the credit regardless of AMT, the credit amount increased to \$1,000, and allowing refundability of 15% of earnings in excess of threshold.

(4) Baseline is current policy which extends the 2009 AMT patch and indexes the AMT exemption, rate bracket thresholds and exemptions thresholds for inflations; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate law permanent. Proposal for 2010 and 2011 is to reduce the CTC refundability threshold to \$0.

(5) Kids with increased CTC includes all children potentially eligible for the credit on returns claiming a non-zero value for the credit in the baseline and a larger value under the proposal.