

PRELIMINARY RESULTS

Table T21-0223
Tax Expenditure for the Child Tax Credit (\$ billions), 2022-25 ¹
Baseline: Current Law

	Calendar Year			
	2022	2023	2024	2025
A. Current Law ²	125.5	126.3	126.7	127.9
B. Make American Rescue Plan (ARP) Act changes to credit amount and age requirements permanent ³	169.2	170.0	170.2	172.4
C. Make ARP changes to credit amount and age requirements permanent; make credit fully refundable regardless of tax liability or earned income ⁴	222.5	223.0	222.9	222.7

Source: Urban-Brookings Microsimulation Model (version 0721-1).

(1) Calendar years. Includes both the child tax credit and the credit for other dependents. Baseline is the law currently in place for each year as of September 8, 2021.

(2) Taxpayers may claim a partially refundable child tax credit (CTC) of up to \$2,000 (unindexed) per qualifying child. A qualifying child must be under age 17 and have a Social Security Number (SSN) valid for work. The credit is refundable up to the lesser of (1) \$1,400 per qualifying child (indexed for inflation after 2018), and (2) 15 percent of earnings in excess of \$2,500 (unindexed). A taxpayer may claim a non-refundable \$500 (unindexed) other dependent tax credit (ODTC) for all children and other dependents for whom a CTC may not be claimed. The combined amount of the CTC and the ODTC are reduced, but not below zero, by \$50 for each \$1,000 (or fraction thereof) by which adjusted gross income (AGI) exceeds \$200,000 (\$400,000 for married taxpayers filing a joint return). The phase-out thresholds are not indexed for inflation.

(3) The maximum credit amount would be increased to \$3,000 and to \$3,600 for qualifying children under the age of 6. The credit amounts would not be indexed for inflation. The definition of a qualifying child would be extended to include 17 year olds. The credit increase amount of \$1,000/\$1,600 per child would be phased down by \$50 for each \$1,000 (or fraction thereof) by which AGI exceeds \$150,000 for married couples filing a joint return, \$112,500 for heads of household, and \$75,000 for others. The thresholds would not be indexed for inflation. Current law refundability rules would continue to apply.

(4) The maximum credit amount would be increased to \$3,000 (unindexed) and to \$3,600 (unindexed) for qualifying children under the age of 6. The definition of a qualifying child would be extended to include 17 year olds. The credit increase amount of \$1,000/\$1,600 per child would be phased down by \$50 for each \$1,000 (or fraction thereof) by which AGI exceeds \$150,000 for married couples filing a joint return, \$112,500 for heads of household, and \$75,000 for others. The thresholds would not be indexed for inflation. The CTC would be fully refundable regardless of income tax liability or earned income. The ODTC would remain non-refundable.