

Table T07-0158
EGTRRA Changes to Child and Dependent Care Tax Credit (CDCTC)
Distribution of Federal Tax Change by Cash Income Class, 2006¹

Cash Income Class (thousands of 2006 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Benefits	Average Federal Tax Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Benefit	Without Tax Benefit			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	3.9
10-20	0.0	0.0	0.0	0.1	0	0.0	0.0	0.9	0.0	4.5
20-30	1.9	0.0	0.0	11.3	-3	-0.1	0.0	2.4	0.0	9.8
30-40	4.3	0.0	0.0	21.4	-7	-0.2	0.0	3.7	0.0	14.0
40-50	4.1	0.0	0.0	12.5	-6	-0.1	0.0	4.4	0.0	16.6
50-75	3.3	0.0	0.0	17.7	-4	0.0	0.0	11.9	0.0	18.5
75-100	3.8	0.0	0.0	13.1	-5	0.0	0.0	11.0	0.0	20.0
100-200	4.3	0.0	0.0	19.4	-6	0.0	0.0	24.0	0.0	22.4
200-500	3.2	0.0	0.0	4.1	-5	0.0	0.0	15.5	0.0	25.6
500-1,000	1.7	0.0	0.0	0.4	-3	0.0	0.0	6.8	0.0	27.7
More than 1,000	1.6	0.0	0.0	0.2	-3	0.0	0.0	19.1	0.0	32.4
All	2.4	0.0	0.0	100.0	-4	0.0	0.0	100.0	0.0	21.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2006¹

Cash Income Class (thousands of 2006 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre- Tax Income Percent of Total	Share of Post-Tax Percent of Total	Share of Federal Percent of Total
	Number (thousands)	Percent of Total							
Less than 10	19,138	13.0	5,634	222	5,411	3.9	1.1	1.4	0.2
10-20	25,619	17.4	14,909	668	14,240	4.5	4.1	4.9	0.9
20-30	19,881	13.5	24,735	2,419	22,317	9.8	5.2	6.0	2.4
30-40	15,077	10.2	34,840	4,893	29,947	14.0	5.6	6.1	3.7
40-50	11,930	8.1	44,708	7,415	37,292	16.6	5.7	6.0	4.4
50-75	21,009	14.3	61,462	11,356	50,106	18.5	13.7	14.2	11.9
75-100	12,719	8.6	86,239	17,231	69,008	20.0	11.7	11.8	11.0
100-200	15,955	10.8	134,074	30,081	103,993	22.4	22.7	22.4	24.0
200-500	4,214	2.9	287,808	73,565	214,243	25.6	12.9	12.2	15.5
500-1,000	727	0.5	677,545	187,649	489,896	27.7	5.2	4.8	6.8
More than 1,000	383	0.3	3,081,101	997,963	2,083,138	32.4	12.5	10.8	19.1
All	147,237	100.0	63,974	13,597	50,376	21.3	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 3.6 Proposal: 3.6

(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 but excludes those that are dependents of other tax units.

(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.