

Table T10-0021
Child and Dependent Care Tax Credit: Increase Phaseout Threshold to \$85,000 and Make Fully Refundable with 50-Percent Participation Assumption
Tax Benefit Compared to Current Law Plus EGTRRA Extension and Allowance Against AMT, 2011 ¹

Cash Income Class (thousands of 2009 dollars) ^{2,3}	Baseline: EGTRRA Extension and AMT Allowance					Increase Phaseout Threshold and Make Refundable					Change in Tax Benefit Due to Increased Phaseout Threshold and Refundability					
	Tax Units with a Benefit		Tax Benefit		Average Benefit (\$)	Tax Units with a Benefit		Tax Benefit		Average Benefit (\$)	New Beneficiaries (thousands) ⁴	Tax Units with an Increased Benefit ⁵		Change in Tax Benefit		Average Increase in Tax Benefit (Dollars) ⁶
	Number (thousands)	Percent Of Total	Amount (\$ millions)	Percent Of Total		Number (thousands)	Percent Of Total	Amount (\$ millions)	Percent Of Total			Number (thousands)	Percent of Total	Amount (\$ millions)	Percent of Total	
Less than 10	0	0.0	0.0	0.0	n/a	247	3.4	249.3	4.8	1,010	247	247	4.6	249.3	11.0	1,010
10-20	36	0.6	11.7	0.4	325	600	8.2	439.7	8.4	733	564	580	10.9	427.9	19.0	738
20-30	355	6.1	171.1	5.7	481	695	9.5	429.1	8.2	618	339	573	10.7	258.0	11.4	450
30-40	676	11.6	350.2	11.7	518	794	10.9	535.4	10.2	675	118	687	12.9	185.2	8.2	269
40-50	591	10.2	299.3	10.0	506	631	8.7	491.6	9.4	779	40	582	10.9	192.3	8.5	330
50-75	1,097	18.8	527.4	17.7	481	1,167	16.0	936.7	17.9	803	70	1,090	20.4	409.3	18.1	376
75-100	1,022	17.6	510.2	17.1	499	1,088	14.9	899.0	17.2	826	66	1,022	19.1	388.9	17.2	380
100-200	1,661	28.5	897.7	30.1	540	1,677	23.0	1,038.8	19.8	620	15	549	10.3	141.1	6.3	257
200-500	331	5.7	184.1	6.2	556	332	4.6	185.9	3.5	560	1	4	0.1	1.8	0.1	402
500-1,000	38	0.7	23.5	0.8	618	38	0.5	23.7	0.5	620	0	2	0.0	0.2	0.0	121
More than 1,000	11	0.2	7.1	0.2	654	11	0.1	7.1	0.1	654	0	0	0.0	0.0	0.0	0
All	5,819	100.0	2,982.4	100.0	513	7,282	100.0	5,238.3	100.0	719	1,463	5,339	100.0	2,255.9	100.0	423

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

(1) Calendar year. Baseline is current law plus the following EGTRRA extensions: increase the maximum credit rate to 35 percent; increase the eligible expenses to \$3,000 for one child and \$6,000 for two or more children; increase the start of the credit rate phasedown to \$15,000 of AGI (not indexed for inflation); and allow the credit regardless of tentative AMT. Proposal would increase the threshold at which the credit rate begins to phase down from \$15,000 to \$85,000. Proposal would also make the CDCTC fully refundable regardless of income tax liability. Estimates assume a 50-percent participation rate for newly-eligible tax units. Tax benefits are measured as the difference in individual income tax liability with and without the credit.

(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) Number of tax units with no benefit from the credit under the baseline and a positive benefit under the proposal.

(5) Includes both new beneficiaries and those tax units with a positive benefit under the baseline but a higher benefit under the proposal.

(6) The average increase is calculated only for those who actually receive a change in tax benefits because of the proposal.