

T08-0277
Options for Reforming the Child Tax Credit (CTC)
Static Impact on Individual Income Tax Liability and Revenue (\$ billions), 2009-18¹

	Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-18
Option 1: Extend EGTRRA Provisions²											
Fiscal Year Revenue³	0.0	0.0	-6.4	-32.3	-32.5	-32.8	-33.0	-33.2	-33.4	-33.6	-237.3
Calendar Year Liability	0.0	0.0	-32.2	-32.5	-32.8	-32.9	-33.2	-33.4	-33.6	-33.7	-264.2
Option 2: Extend unindexed \$8,500 threshold⁴											
Fiscal Year Revenue	-0.6	-3.0	-3.0	-3.0	-3.1	-3.2	-3.3	-3.5	-3.6	-3.7	-30.1
Calendar Year Liability	-2.9	-3.0	-3.0	-3.1	-3.2	-3.3	-3.4	-3.6	-3.7	-3.8	-33.1
Option 3: Reduce to unindexed \$3,000 threshold⁵											
Fiscal Year Revenue	-1.4	-7.0	-6.8	-6.7	-6.6	-6.6	-6.6	-6.6	-6.6	-6.6	-61.4
Calendar Year Liability	-7.0	-6.9	-6.7	-6.6	-6.6	-6.6	-6.6	-6.6	-6.6	-6.5	-66.7
Option 4: Reduce to \$0 threshold, Reduce refundability rate to 10%⁶											
Fiscal Year Revenue	-1.3	-6.4	-6.3	-6.2	-6.2	-6.2	-6.2	-6.2	-6.2	-6.2	-57.3
Calendar Year Liability	-6.4	-6.3	-6.2	-6.2	-6.2	-6.2	-6.2	-6.2	-6.2	-6.2	-62.2
Option 5: Reduce to \$0 threshold⁷											
Fiscal Year Revenue	-1.7	-8.7	-8.5	-8.2	-8.1	-8.0	-7.9	-7.9	-7.9	-7.8	-74.7
Calendar Year Liability	-8.7	-8.5	-8.3	-8.1	-8.0	-7.9	-7.9	-7.9	-7.8	-7.7	-80.9
Option 6: Fully refundable credit⁸											
Fiscal Year Revenue	-2.4	-12.0	-11.6	-11.3	-11.0	-10.8	-10.6	-10.5	-10.5	-10.3	-101.1
Calendar Year Liability	-12.1	-11.7	-11.3	-11.0	-10.9	-10.7	-10.6	-10.5	-10.3	-10.2	-109.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

(1) Estimates are static and do not account for any potential microeconomic behavioral response. Official estimates from the Joint Committee on Taxation would likely show a somewhat different effect on revenue.

(2) Baseline is current law. Proposal extends the CTC provisions in EGTRRA, including the allowance of the credit regardless of AMT.

(3) Fiscal-year revenue numbers assume a 20-80 split. The actual effect on receipts could differ.

(4) Baseline is option 1. Proposal extends the unindexed earnings threshold of \$8,500 permanently, effective 01/01/09.

(5) Baseline is option 1. Proposal reduces the unindexed earnings threshold to \$3,000, effective 01/01/09.

(6) Baseline is option 1. Proposal reduces the earnings threshold to \$0 and reduces the phase-in rate to 10 percent, effective 01/01/09.

(7) Baseline is option 1. Proposal reduces the earnings threshold to \$0 while keeping the phase-in rate of 15 percent, effective 01/01/09.

(8) Baseline is option 1. Proposal makes credit fully refundable regardless of tax liability or earnings, effective 01/01/09.