

**Table T05-0207. Option 4: Fully Refundable Child and Dependent Care Tax Credit  
Distribution of Federal Tax Benefits by Cash Income Class, 2005<sup>1</sup>**

Cash Income Class (thousands of 2005 dollars) <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Benefits	Average Federal Tax Benefit		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Benefit	Without Tax Benefit			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	2.8	97.2	0.4	8.0	-20	-9.8	0.0	0.2	-0.4	3.2
10-20	3.7	96.3	0.2	17.8	-33	-4.7	0.0	1.0	-0.2	4.5
20-30	3.9	96.1	0.1	11.4	-27	-1.1	0.0	2.7	-0.1	10.0
30-40	5.4	94.6	0.1	10.8	-34	-0.7	0.0	4.2	-0.1	14.4
40-50	4.9	95.1	0.1	6.8	-28	-0.4	0.0	4.9	-0.1	16.8
50-75	7.1	92.9	0.1	16.2	-37	-0.3	0.0	13.0	-0.1	18.5
75-100	8.9	91.1	0.1	11.3	-45	-0.3	0.0	11.4	-0.1	20.0
100-200	9.1	90.9	0.1	14.6	-48	-0.2	0.0	23.7	0.0	22.3
200-500	6.5	93.5	0.0	2.8	-35	-0.1	0.0	15.3	0.0	25.4
500-1,000	3.8	96.2	0.0	0.3	-21	0.0	0.0	6.5	0.0	27.2
More than 1,000	2.6	97.4	0.0	0.1	-18	0.0	0.0	17.0	0.0	31.2
All	5.4	94.6	0.1	100.0	-33	-0.3	0.0	100.0	-0.1	20.7

**Baseline Distribution of Income and Federal Taxes  
by Cash Income Class, 2005<sup>1</sup>**

Cash Income Class (thousands of 2005 dollars) <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>3</sup> (Dollars)	Average Federal Tax Rate <sup>4</sup>	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Less than 10	19,560	13.5	5,618	200	5,418	3.6	1.3	1.5	0.2
10-20	25,611	17.7	14,885	707	14,177	4.8	4.4	5.2	1.0
20-30	19,953	13.8	24,715	2,504	22,211	10.1	5.6	6.4	2.8
30-40	15,289	10.6	34,863	5,058	29,806	14.5	6.1	6.6	4.3
40-50	11,738	8.1	44,824	7,538	37,286	16.8	6.0	6.3	4.9
50-75	20,700	14.3	61,482	11,391	50,091	18.5	14.5	15.0	13.0
75-100	11,936	8.3	86,246	17,332	68,914	20.1	11.8	11.9	11.4
100-200	14,432	10.0	133,489	29,842	103,646	22.4	22.0	21.6	23.7
200-500	3,797	2.6	287,471	72,977	214,494	25.4	12.5	11.7	15.2
500-1,000	642	0.4	678,426	184,627	493,798	27.2	5.0	4.6	6.5
More than 1,000	335	0.2	2,943,745	919,685	2,024,060	31.2	11.3	9.8	17.0
All	144,573	100.0	60,566	12,580	47,986	20.8	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-2).

(1) Baseline is current law without the child and dependent care tax credit (CDCTC). Proposal allows a fully refundable CDCTC. Option 4 also indexes the CDCTC for inflation but not until 01/01/06.

(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) 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.