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OPTIONS TO REFORM THE CHILD TAX CREDIT IN THE 2025 TAX DEBATE

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Because of changes enacted in the Tax Cuts and Jobs Act of 2017 (TCJA), the child tax credit (CTC) currently provides families with a credit of up to $2,000 per child under 17. These changes are scheduled to expire at the end of 2025 along with numerous other TCJA provisions. After that, the maximum credit will drop to $1,000 per child under 17. As Congress debates whether to extend the TCJA's changes to the CTC along with other expiring tax provisions, some have proposed reforms that would bolster the credit for families with low incomes or families with newborns. Congress could also extend the credit to families with older children or increase the credit more broadly. In this brief, we lay out several different reform options along with estimates of their costs, which families with children are most likely to benefit from each option, and by how much.

INTRODUCTION

Several provisions of the Tax Cuts and Jobs Act of 2017 (TCJA) affecting individual income taxes are set to expire after 2025.[1] Policymakers can allow them to expire, extend them as in the TCJA, or further reform them. Key among these expiring provisions are changes the law made to the child tax credit (CTC), a credit worth up to $2,000 per child under 17.[2]

President Trump has made it a priority to extend the expiring provisions of the TCJA.[3] The Joint Committee on Taxation (JCT) estimates this will reduce revenues by $4.1 trillion from FY2025 to FY2034.[4] Extending the TCJA without additional reforms would provide only modest benefits to low- and middle-income families who struggle to make ends meet (Crandall-Hollick 2025)—particularly in the face of rising inflation[5] and declining confidence in the economy.[6] The CTC represents a powerful tool to help families with children, and several members of Congress have expressed an interest in expanding it as part of extending the TCJA.[7]

Although the CTC delivers substantial benefits to families with children, a longstanding issue is that families in the lowest fifth of the income distribution receive the smallest benefits on average. This is true under current law and if the CTC expansion enacted in the TCJA expires. Under the TCJA, 17 million children live in families that receive less than the maximum $2,000 per child CTC because their parents do not earn enough. This is about 25 percent of all children.[8] On average, families with incomes in the lowest fifth of the income distribution receive the credit's lowest benefits.[9]

Unlike many provisions of the federal income tax, the maximum CTC does not increase with inflation. As a result, for families eligible for the maximum credit, the credit covers fewer costs over time. Some families with modest earnings can receive a limited "refundable" credit, which is a credit that goes beyond offsetting income taxes they may owe. The amount of credit that can be received in this way has grown with inflation since 2018. For 2018, families with low incomes could receive up to $1,400 per child under 17. Today, these families can receive up to $1,700 per child under 17.[10]

In addition to temporarily modifying the CTC, the TCJA made numerous other changes to the tax code, some temporary and some permanent. Included among those temporary changes were reductions to marginal tax rates, an expansion of the standard deduction, a repeal of personal exemptions, and a $500 nonrefundable credit for dependents that do not qualify for the CTC (i.e., older children and adult dependents).[11] As Congress grapples with extending the TCJA, we present nine options to further modify the CTC alongside extending other expiring individual provisions and evaluate their effects.

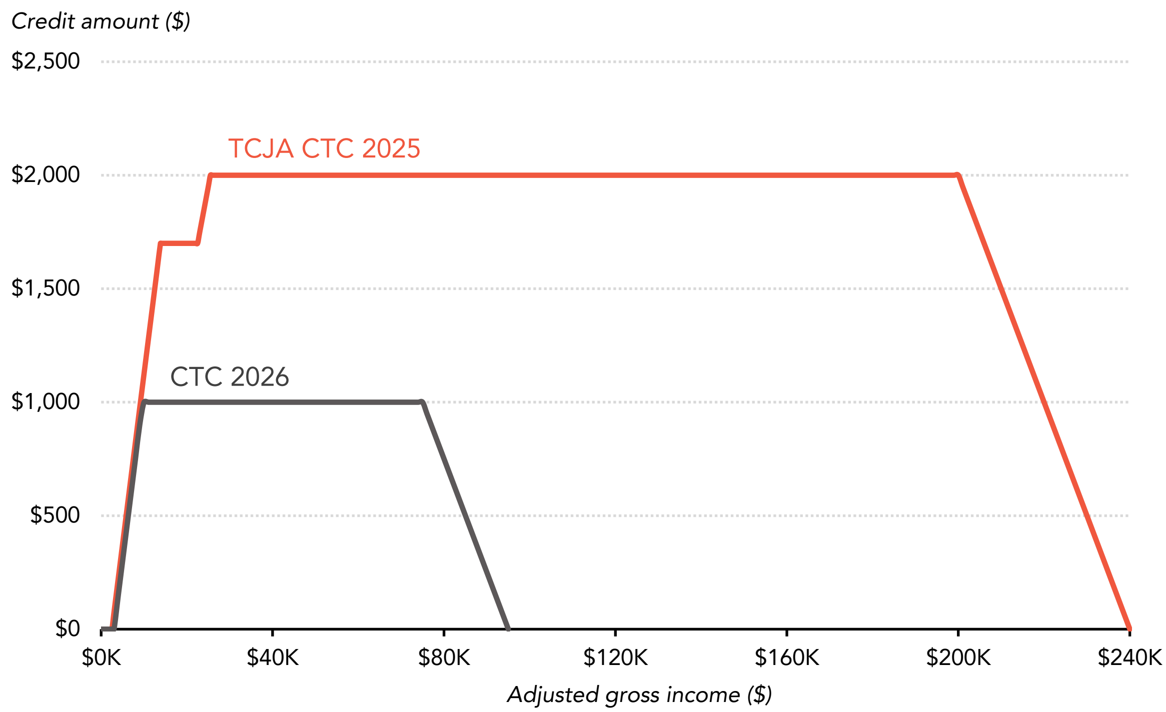
HOW THE CHILD TAX CREDIT WORKS

The CTC provides families with a credit of up to $2,000 per child. For families with high enough earnings and tax liability, the credit reduces a family's income taxes by up to $2,000 per child under 17.[12] If a family's credit is more than what they owe in income taxes, they can receive some or all of the difference as a refundable credit.[13] The refundable portion of the CTC equals 15 percent of a family's earnings above $2,500, up to a maximum of $1,700 per child.[14] The credit begins to phase down once a family's income exceeds $200,000 for single parents or $400,000 for married couples (figure 1). Families with older children and adult dependents are eligible for a $500 nonrefundable credit for each of these dependents. This credit, sometimes referred to as the "other dependent tax credit" or ODTC, is added to a family's child tax credit and phased out according to the same rules.

FIGURE 1

Child Tax Credit, 2025 and 2026

Single parent with one child



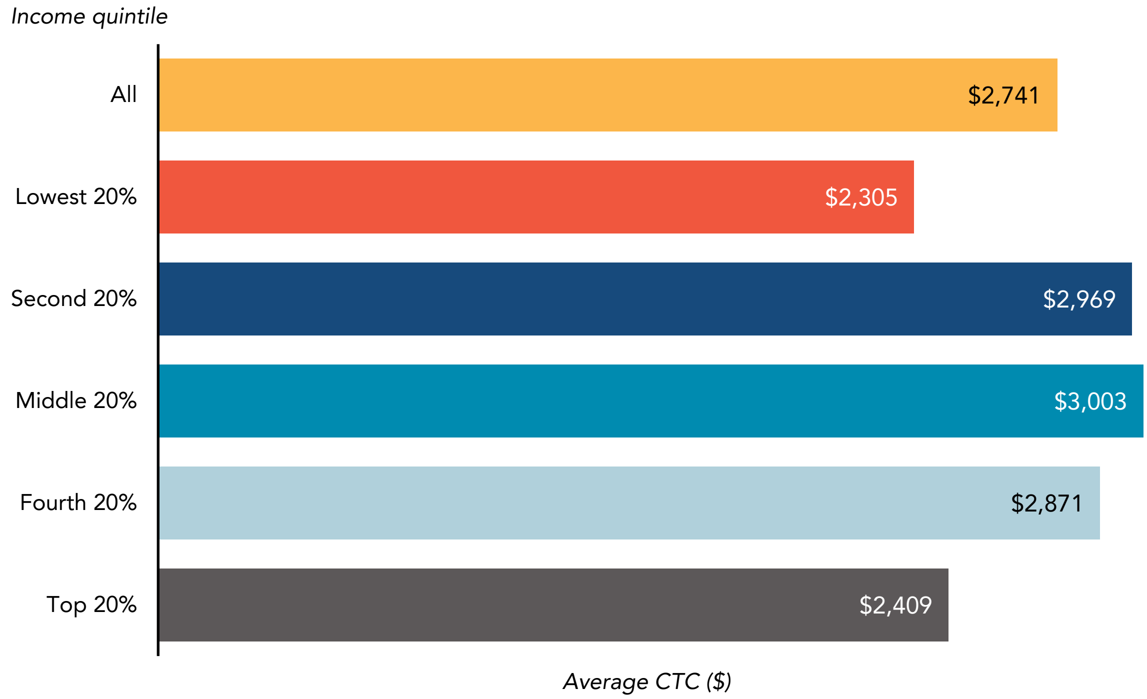
Source: Authors' calculations.
Notes: CTC = child tax credit. TCJA = Tax Cuts and Jobs Act. These calculations assume adjusted gross income equals earnings, the taxpayer files as head of household, and the child meets all tests to qualify for the credit.

The Tax Policy Center estimates that in 2025, almost 90 percent of families with children will receive an average benefit of $2,740.[15] Just under three-quarters of families in the lowest fifth of the income distribution will benefit from the CTC; they will receive an average benefit of about $2,300. That is lower than the middle three-fifths of the income distribution. Over 94 percent of families with children in these middle income groups benefit from the CTC and their average benefits are about $3,000 (figure 2).[16]

Beginning in 2026, under current law taxpayers will be eligible for a maximum benefit of $1,000 per child and the credit will begin to phase down for single parents once their income reaches $75,000 and for married couples once their income reaches $110,000. Families who owe less than $1,000 per child in tax can still receive the refundable portion of the CTC, but it will be calculated as 15 percent of earnings over $3,000 up to a maximum of $1,000 per child. The ODTC will also expire at the end of 2025.[17]

FIGURE 2

Average Child Tax Credit by Income Quintile for Families with Children Who Receive the Credit, 2025



Source: Tax Policy Center Table T25-0090.
Notes: CTC = child tax credit. These estimates are for tax units with dependent children who receive the CTC or ODTC. The average benefit equals the total benefit divided by the number of tax units that benefit.

OPTIONS TO MODIFY THE CHILD TAX CREDIT

We detail reforms to the CTC that, if enacted alongside extensions of other TCJA provisions, would better support families with low incomes, adjusting the CTC based on the age of the child, or generally expanding the credit. We analyze how much each of these would cost (table 1), describe the share of families with children that would benefit, show how benefits would be distributed across income groups (figure 3), and conclude with the average additional credit that families who benefit from the reform would receive (figure 4). One option we examine (option 9) would reduce benefits for higher-income families, offsetting the cost of increasing benefits for others. Here, we show how benefits and costs would be distributed across income groups and then the average benefit or cost across income groups.

TABLE 1

Additional Budgetary Costs of Different Options to Modify the Child Tax Credit in the Context of Extending the TCJA, FY2025–34

In billions of dollars

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025–2034
Extending TCJA[1]	-153.1	-311.5	-439.0	-450.2	-441.3	-440.4	-448.9	-461.7	-476.5	-493.1	**-4,115.7**
TCJA CTC changes only	0.0	-38.8	-81.0	-81.6	-81.6	-82.1	-82.0	-81.9	-82.0	-81.8	-692.8
Additional budgetary cost of:											
Option 1 Phase in the CTC starting with the first dollar of earnings up to $2,000 per child	-0.6	-3.2	-3.0	-2.4	-2.3	-2.2	-1.7	-1.5	-1.1	-1.0	-19.1
Option 2 Phase in the CTC at 15 percent per child, up to 45 percent	-0.7	-3.3	-3.1	-3.3	-3.1	-3.0	-3.1	-3.0	-3.0	-2.8	-28.4
Option 3 Combine options 1 and 2	-1.5	-7.2	-6.8	-6.0	-5.7	-5.3	-4.6	-4.3	-3.7	-3.4	-48.5
Option 4 Make the CTC fully refundable for newborns	-0.2	-1.0	-1.0	-0.9	-0.8	-0.8	-0.8	-0.7	-0.7	-0.6	-7.5
Option 5 Extend CTC eligibility to 17-year-olds	-2.7	-6.0	-6.0	-6.1	-6.1	-6.1	-6.1	-6.1	-6.1	-6.1	-57.5
Option 6 Increase maximum CTC to $2,500 per child	-10.2	-22.9	-23.4	-23.8	-24.0	-24.3	-24.8	-25.1	-25.5	-25.6	-229.5
Option 7 Increase maximum CTC to $5,000 per child	-47.7	-107.0	-109.7	-112.3	-113.7	-116.1	-118.8	-121.1	-123.6	-124.9	-1,095.0
Option 8 Enhance the phase-in and increase the maximum CTC to $2,500 per child (fully refundable for newborns)	-17.1	-38.0	-37.6	-37.0	-36.7	-36.2	-35.6	-35.2	-34.7	-34.4	-342.3
Option 9 Enhance the phase-in and increase the maximum CTC to $2,500 per child (fully refundable for newborns) and modify the phaseout	0.1	1.3	4.0	6.5	8.7	11.2	14.2	16.9	19.5	21.7	104.0

Sources: Joint Committee on Taxation, letter to Sheldon Whitehouse, Ron Wyden, Richard E. Neal, and Brendan F. Boyle, April 3, 2025, https://www.finance.senate.gov/imo/media/doc/wyden_merkley_neal_boyle_release_new_estimate_of_republican_tax_planpdf.pdf; Tax Policy Center Table T25-0134.

Notes: CTC = child tax credit. TCJA = Tax Cuts and Jobs Act.

[1] These amounts include the TCJA changes to the CTC, whose budgetary costs are provided in the next row, and which include both the law's changes to the credit formula and the requirement that children claimed for the credit have a Social Security number. The revenue-loss estimates for the policy options are measured against a baseline of the law currently in place as of January 1, 2025, plus extension of provisions affecting: individual income tax rates and brackets; the child tax credit and other dependent tax credit; the standard deduction; itemized deductions; the individual alternative minimum tax; the 20 percent deduction for qualified business income; the deduction for moving expenses; and the estate tax. Estimates for options 1, 2, 3, and 4 assume a 20/80 fiscal split (20 percent of calendar year revenue is allocated to the current fiscal year, 80 percent to the subsequent fiscal year), while estimates for options 5, 6, 7, 8, and 9 assume a 45/55 split.

Expanding the CTC for Families with Low Incomes

A substantial body of evidence shows that investing in children living in families with low incomes can provide a lifetime of benefits. Yet families with low incomes frequently have their CTC limited by rules determining how the credit phases in (Maag, Airi, and Collyer 2024).

We estimate the effects of three changes to how the credit is phased in: phase the CTC in from the first dollar of earnings (as happens already with the earned income tax credit), allow families to receive the full $2,000 per child CTC as a refundable credit rather than capping that amount at $1,700 per child, and phase the CTC in at 15 percent per child, up to 45 percent for families with three or more children.

Option 1: Phase in the CTC starting with the first dollar of earnings up to $2,000 per child. This option would eliminate the requirement that families earn at least $2,500 before they can access the refundable portion of the CTC and eliminates the $1,700 per child cap on the refundable portion of the credit, allowing the refundable portion of the credit to phase-in to $2,000 per child.

This option would provide an additional $3.2 billion of CTC benefits to families with children in FY2026 (see table 1). Almost 20 percent of families with children would benefit from this provision. Almost three-quarters of the benefit from this option would go to families with children in the lowest income quintile, with nearly all remaining benefits going to families in the second quintile (see figure 3). Families that receive a benefit under this option would receive about $330 in additional credit, on average. The lowest-income families who would benefit from these changes would receive an average benefit of about $340 (see figure 4).

Option 2: Phase in the CTC at 15 percent per child, up to 45 percent. This option would increase the phase-in rate of the refundable portion of the credit for families with more than one child but would be no higher than 45 percent.

This option would provide an additional $3.3 billion of CTC benefits to families with children in FY2026 (see table 1). About 5 percent of families with children would benefit from this provision. Benefits from the proposal would be highly concentrated: almost 90 percent of the benefit from this change would go to families with children in the lowest income quintile, with nearly all remaining benefits going to families in the second income quintile (see figure 3). Families that receive a benefit under this option would see their credit increase by about $1,100 on average, those in the lowest fifth of the income distribution would see their benefit increase by a bit more—nearly $1,200 on average (see figure 4).

Option 3: Combine options 1 and 2. This option would combine options one and two, still focusing benefits from the reform on families with low incomes. The credit would phase in starting with the first dollar of earnings at a rate of 15 percent per child (up to 45 percent for families with three or more children), and families could receive the full $2,000 per child as a refundable credit, rather than limiting it to $1,700 per child.

This option would provide an additional $7.2 billion of CTC benefits to families with children in FY2026 (see table 1). Just under 20 percent of families with children would benefit from this option. Families with children in the lowest income quintile would receive about 80 percent of the benefits and families in the second income quintile would receive most of the remaining benefits (over 15 percent; figure 3). Families in the lowest income quintile who would benefit from this change would receive an average of about $860 in additional CTC benefits, a bit more than the average of $780 in additional benefits all families would receive (figure 4).

Options to Change the Credit Based on a Child's Age

Families with newborns face particular expenses and are most likely to experience dips in income (Maag, Hunter, and Yama 2025). As such, policymakers may wish to provide additional subsidies to this group of families. The CTC is also limited in how it treats families with children over 16. Extending the credit to 17-year-old children, who often still live at home and are supported by their parents, would bring the definition of child closer to what families often think of as the dividing line between childhood and adulthood.

Option 4: Make the CTC fully refundable for newborns. This option would allow families with a newborn to receive the full $2,000 credit per newborn child (defined as a child younger than 1 at the end of the tax year) on top of any CTC they qualify for based on other children in the home. The credit would phase out based on TCJA rules.

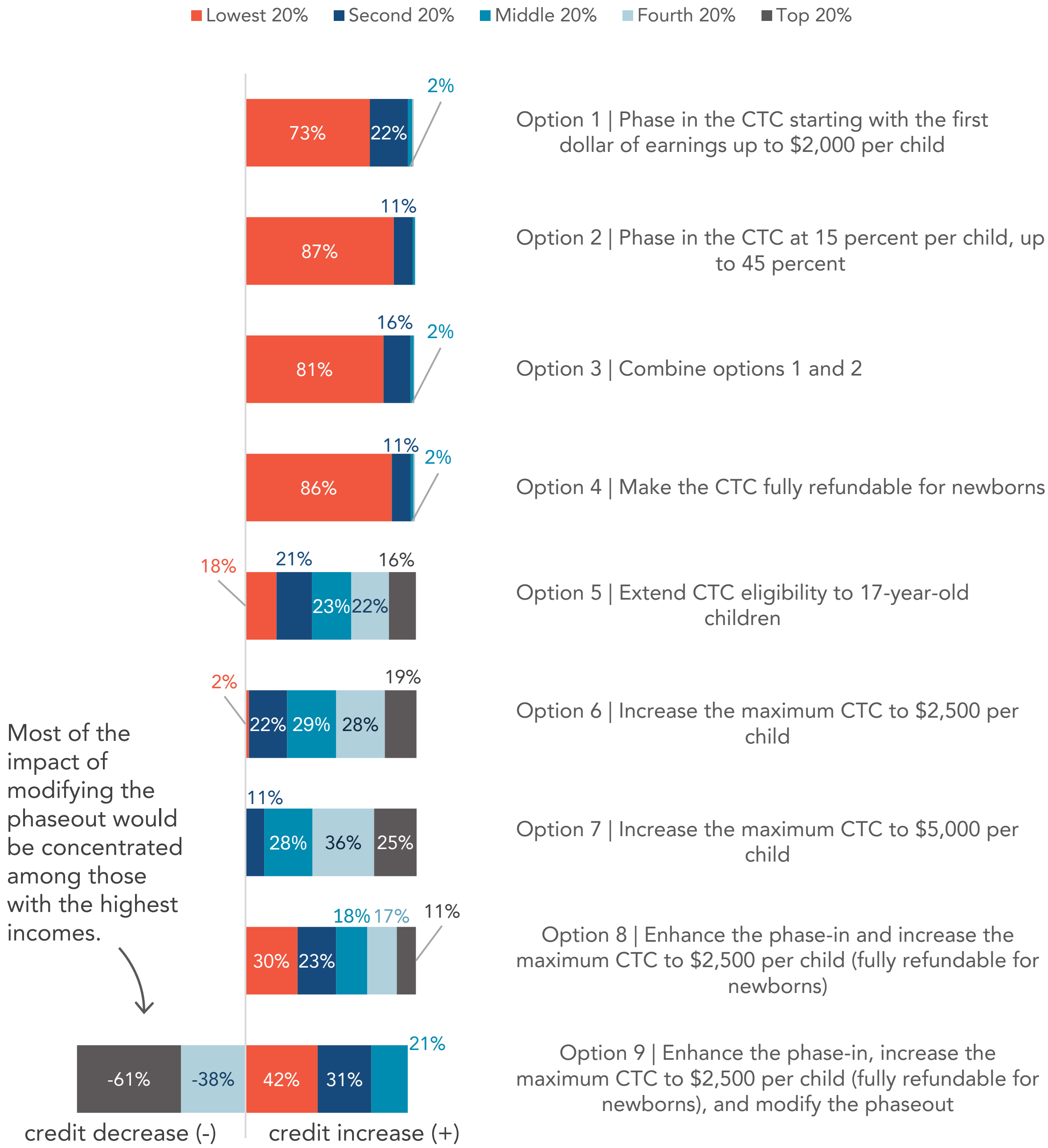
This option would provide an additional $1.0 billion of CTC benefits to families with children in FY2026 (see table 1). Just 2 percent of families with children would benefit from this provision, since it only affects a small subset of families with children, namely low-income families with newborns who are not already eligible for the full $2,000 CTC. Almost 90 percent of the benefits of this policy option would go to families with children with the lowest incomes (see figure 3), who would see their CTC increase by over $1,100 on average (see figure 4).

Option 5: Extend CTC eligibility to 17-year-old children. This option would increase the maximum eligibility age for the CTC from 16 to 17. Families with a 17-year-old child at the end of the year would no longer be eligible to receive the $500 nonrefundable credit for other dependents (i.e., the ODTC) for this child and would instead receive the larger CTC.

This option would provide an additional $6.0 billion of CTC benefits to families with children in FY2026 (see table 1). Almost 7 percent of families with children would benefit from this change. Benefits from this proposal would be distributed similarly to benefits from the CTC, with those in the highest and lowest income quintiles receiving slightly smaller shares of the change and those in the middle 60 percent of the income distribution receiving the bulk of benefits (see figure 3). Beneficiaries of this policy change would see an average increase in their CTC of about $1,600. Families in the lowest fifth of the income distribution would see their CTCs increase by an average of about $1,500, and higher-income families would see average increases to their CTCs of about $1,600 to almost $1,800 (see figure 4).

FIGURE 3

Distribution of Benefits by Income Quintile for Families with Children, 2025



Source: Tax Policy Center Tables T25-0135 – T25-0152.
Notes: CTC = child tax credit. Changes of 1 percent or less are not labeled. In some cases, numbers do not add to 100 due to rounding. These estimates are for tax units with dependent children who are affected by the policy option examined.

Options to Increase the Maximum Credit

These options do not change how the credit phases in, but they would increase the maximum credit. If the credit were increased to $2,500, that would be roughly equivalent to what the maximum CTC would have been had it been indexed for inflation starting with passage of the TCJA.[18]

Option 6: Increase the maximum CTC to $2,500 per child. This option would increase the maximum CTC amount from $2,000 to $2,500 per child. The change would increase the amount of taxes that can be offset by the credit. It would not change how much credit lower-income families receive as a refundable credit.

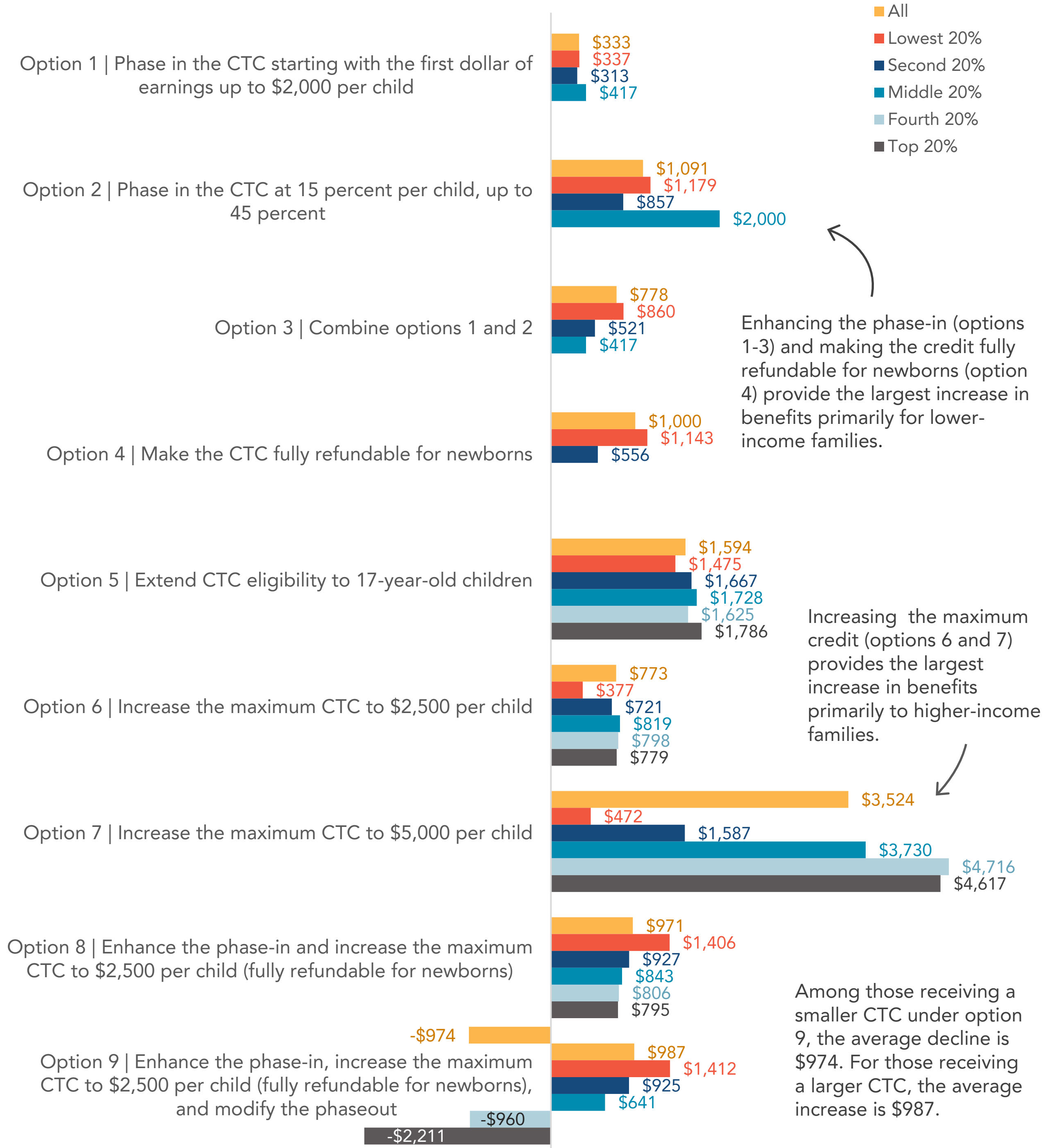
This option would provide an additional $22.9 billion of CTC benefits to families with children in FY2026 (see table 1). This proposal would primarily benefit middle- and higher-income families who, even after receiving a $2,000 CTC, still owe additional income taxes (see figure 3). Low-income families who already have their CTC limited by phase-in rules would not benefit further from this option. On average, this proposal would increase the credit by about $700 to $800 for families that benefit from the change. The lowest-income beneficiaries would receive an average increase in their benefit of a bit more than $350, half the amount of beneficiaries with higher incomes (see figure 4).

Option 7: Increase the maximum CTC to $5,000 per child. This option would increase the CTC from $2,000 to $5,000 per child. This would more than double the amount of income taxes the credit can offset. As with increasing the credit to $2,500 per child, it would not change the amount of the refundable portion of the credit accessed by lower-income taxpayers.

This option would provide an additional $107.0 billion of CTC benefits to families with children in FY2026 (see table 1). Almost 60 percent of families with children would benefit from this provision. The proposal would primarily benefit higher-income families who generally owe enough in taxes to receive the full credit. Families with children in the top 40 percent of the income distribution would receive over 60 percent of the benefit from this change. In contrast, fewer than 1 percent of families in the lowest income quintile would benefit from this proposal (see figure 3).[19] On average, families with children that would benefit from this proposal in the top 40 percent of the income distribution would receive an additional CTC of over $4,600, while those in the lowest 20 percent would see their CTC increase by less than $500, on average (see figure 4).

FIGURE 4

Average Change in After-Tax Income by Income Quintile among Families with Children Affected by Each Policy Option, 2025



Source: Tax Policy Center Tables T25-0135 – T25-0152.
Notes: CTC = child tax credit. Changes of $10 or less are not labeled. These estimates are for tax units with dependent children who are affected by the policy options examined. The average benefit for these tax units is calculated by taking the total benefit and dividing it by the number of tax units who benefit.

Combinations of Other Options

Combining options discussed above could allow policymakers to meet multiple goals. Below we discuss some illustrative examples. We also illustrate how the credit could be reduced for families with higher incomes to offset these expansions. Of course, there are many ways to cover the cost of a CTC expansion.

Option 8: Enhance the phase-in and increase the maximum CTC to $2,500 per child (fully refundable for newborns). This option would combine options 3, 4, and 6. Hence, the maximum $2,000 per child CTC would increase to $2,500 for all children under 17. For children 1 to 16 years old, the CTC would phase in starting with the first dollar of earnings at a rate of 15 percent per child 1 to 16 years old (up to 45 percent for families with three or more children in this age range). Households with newborns would be eligible for a $2,500 fully refundable credit for each newborn (defined as a child younger than 1 at the end of the tax year) that, if applicable, they would add to any credit claimed for their older children. Hence, the newborn credit would be subject to the TCJA phaseout.

This option would provide an additional $38.0 billion of CTC benefits to families with children in FY2026 (see table 1). Roughly 75 percent of families with children would benefit from this provision. The proposal would provide benefits across the income distribution, with more than half of the benefits of this change going to low- and moderate-income families with children (the lowest 40 percent of the income distribution; see figure 3). Enhancements to the phase-in paired with a fully refundable credit for newborns under this option would allow lower-income families with children to access more of the larger maximum credit. Among those who benefit under this option and have the lowest incomes, their CTC would increase by more than $1,400 on average, compared with average increases of about $1,000 among all beneficiaries (see figure 4).

Option 9: Enhance the phase-in, increase the maximum CTC to $2,500 per child (fully refundable for newborns), and modify the phaseout. This option would combine option 8 with a reduction in the income level at which the CTC begins to phase out, from $200,000 ($400,000 if married and filing jointly) to pre-TCJA levels of $75,000 ($110,000 if married and filing jointly).

About 50 percent of families with children would see their CTC increase from this change and 30 percent would see their CTC decrease. Among families with children whose CTC would increase, virtually all of these benefits would go to the lowest 60 percent of families (see figure 3), concentrated among families at the lowest fifth of the income distribution whose benefits would increase by almost $1,500, on average (see figure 4). Among families with children whose CTC would decrease, the change would be concentrated among families with the highest incomes (the top 40 percent), especially those at the top of the income distribution (see figure 3), who would see their benefit amounts fall by over $2,000 on average (see figure 4).

CONCLUSION

The CTC provides benefits to almost all families with children. Generally, families in the middle of the income distribution receive the highest average benefits. Those with incomes in the lowest 20 percent of the income distribution often have their CTC limited by phase-in rules, and those in the top income quintile see their benefits phase out.

After 2025, the maximum credit will drop from $2,000 to $1,000 per child under 17. As Congress debates extending the higher maximum credit, alongside other provisions of the Tax Cuts and Jobs Act, we demonstrate options to further enhance the CTC for families with low incomes, or families with a newborn child. These options would reduce the number of children living in families that do not receive the full CTC because their parents do not earn enough.

We also estimate the cost and beneficiaries of extending the credit to older children or increasing the maximum credit. These options would generally support families with middle and high incomes, providing little benefit to families with low incomes. For reference, we also discuss an option that would decrease benefits for the highest-income families, offsetting costs associated with increasing benefits for others.

NOTES

1 Comfort Oshagbemi and Louise Sheiner, "Which provisions of the Tax Cuts and Jobs Act expire in 2025?," Brookings Institution, September 5, 2024, https://www.brookings.edu/articles/which-provisions-of-the-tax-cuts-and-jobs-act-expire-in-2025/.

2 The child tax credit has emerged as a key policy Congress will consider in the upcoming debate around the TCJA. For example, at the beginning of the 119th Congress, Senator Josh Hawley proposed expanding the credit to help working families (see, for example, https://www.hawley.senate.gov/hawley-unveils-new-child-tax-credit-proposal-to-support-working-families/). In addition, Senator Mike Crapo, chairman of the Senate Committee on Finance, has been reported to be considering expansions to the child tax credit, including the refundable portion of the credit accessible to lower-income families (see https://subscriber.politicopro.com/article/2025/03/crapo-republicans-considering-expanding-child-credit-including-for-those-with-very-low-incomes-00238766).

3 "Trump Tax Priorities Total $5 to $11 Trillion," Committee for a Responsible Federal Budget, February 6, 2025, https://www.crfb.org/blogs/trump-tax-priorities-total-5-11-trillion.

4 This amount excludes outlays from debt service costs. When debt service costs are included, the cost of permanently extending these provisions is $4.8 trillion between FY2025 and FY2034. See Joint Committee on Taxation letter to Sheldon Whitehouse, Ron Wyden, Richard E. Neal, and Brendan F. Boyle, April 3, 2025, https://www.finance.senate.gov/imo/media/doc/wyden_merkley_neal_boyle_release_new_estimate_of_republican_tax_planpdf.pdf.

5 For example, see Jessica Dickler, "29% of households have jobs but struggle to cover basic needs: They are 'one emergency from poverty,' one expert says," CNBC, April 29, 2025 https://www.cnbc.com/2024/04/29/29percent-of-us-households-have-jobs-but-struggle-to-cover-basic-needs.html.

6 See Conference Board, "U.S. Consumer Confidence Tumbled Again in March," press release, March 25, 2025, https://www.conference-board.org/topics/consumer-confidence.

7 See, for example, in the 118th Congress: American Family Act H.R. 3899, American Families and Workers Act H.R. 7024 (Wyden-Smith), and the 119th: Family First Act H.R. 353 and the American Family Act (bill text is available at https://www.bennet.senate.gov/wp-content/uploads/2025/04/American-Family-Act-2025.pdf). A side-by-side of legislation to modify the child tax credit during the 2025 debate can be found at Tax Policy Center, Comparing Child Tax Credit Legislation in the 2025 TCJA Debate, available at https://taxpolicycenter.org/comparing-child-tax-credit-legislation-2025-tcja-debate.

8 Elaine Maag, "17 Million Children in Low-Income Families Will Not Receive the Full Child Tax Credit in 2025," Tax Policy Center, December 10, 2024, https://taxpolicycenter.org/taxvox/17-million-children-low-income-families-will-not-receive-full-child-tax-credit-2025.

[9] "Tax Policy Microsimulation Model (version Table 0324-2) T24-0082 - Distribution of Tax Units, Children, and Dependents by Size of Child Tax Credit (CTC), 2025," Tax Policy Center, December 10, 2024, https://taxpolicycenter.org/model-estimates/CTC-Dec-2024/T24-0082.

[10] See Internal Revenue Service Revenue Procedure 24-40 at https://www.irs.gov/pub/irs-drop/rp-24-40.pdf.

[11] This credit is often referred to as the credit for other dependents or other dependent tax credit (ODTC). For more information, see https://povertycenter.columbia.edu/publication/the-credit-for-other-dependents-policy-explainer.

[12] In addition to being under 17, a qualifying child for the child tax credit must be related to the taxpayer and must generally live with the taxpayer claiming them for more than half the year (exceptions apply). From 2018 through the end of 2025, the child must also have a Social Security number.

[13] The refundable portion of the child tax credit is referred to by the IRS as the additional child tax credit or ACTC and claimed on a separate line of the federal income tax return than the portion of the credit that offsets income taxes. Combined, the ACTC and the portion that offsets income taxes cannot be greater than $2,000 per child.

[14] The refundability cap of the ACTC under the TCJA is the only parameter of the child tax credit that is indexed for inflation. The cap, statutorily set at $1,400 per child, is indexed for inflation and equaled $1,700 in 2024 and 2025. For more information, see https://www.irs.gov/pub/irs-drop/rp-24-40.pdf.

[15] See Tax Policy Center Table T25-0090- Tax Benefit of the Child Tax Credit (CTC), by Expanded Cash Income Percentile, 2025, April 15, 2025 at https://taxpolicycenter.org/model-estimates/t25-0090-tax-benefit-child-tax-credit-ctc-expanded-cash-income-percentile-2025.

[16] To calculate the average benefit among families with children who receive the benefit (see figure 2) using the data from the model estimates, the total benefit among tax units with children is first calculated (average benefit times the number of tax units) and then divided by the number of tax units who benefit (percentage of tax units who benefit times the number of tax units). A similar calculation is done to calculate the data displayed in figure 4 of this brief.

[17] See Internal Revenue Code section 24 and Internal Revenue Service Revenue Procedure 24-40 at https://www.irs.gov/pub/irs-drop/rp-24-40.pdf.

[18] For example, $2,000 at the beginning of 2018, when the TCJA went into effect, would equal more than $2,500 at the beginning of 2025. See https://www.bls.gov/data/inflation_calculator.htm.

[19] For example, to receive the full benefit of a $5,000 per child CTC, a single parent with two children (and a relatively simple tax situation filing as head of household) would need to earn a bit more than $80,000 in 2025 to access the full $10,000 credit amount, whereas she would need to earn less than half as much to access the current CTC.

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