

**Benefits to Families and Individuals from the  
Major Family and Education Tax Provisions  
under the Administration’s Budget Proposals for Fiscal Year 2022<sup>1</sup>  
in Taxable Year 2022**



**Office of Tax Analysis  
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<sup>1</sup> A companion document describing the benefits to families for taxable year 2022 under current law instead of under the Administration’s Budget Proposals for Fiscal Year 2022 is also available on the Treasury website.

The federal income tax system supports families by reducing their tax liabilities, and thus increasing their after-tax incomes, in several different ways. Principally, this support takes the form of certain deductions and credits available only to taxpayers with children or other dependents. This document presents a series of tables that describe the income tax benefits to families and individuals from key provisions **as proposed for taxable year 2022** as a function of adjusted gross income (AGI). A substantial expansion for taxable year 2021 of some of the provisions was enacted as part of the American Rescue Plan Act of 2021 (Public Law 117-2). The Fiscal Year 2022 Budget proposes that these expansions be extended additional years.<sup>2</sup>

The provisions examined are head of household filing status (HoH); the earned income tax credit (EITC); the child tax credit, the additional child tax credit, and the other dependent tax credit (CTC, ACTC and ODTC respectively); the child and dependent care tax credit (CDCTC); the American opportunity tax credit (AOTC); and the lifetime learning tax credit (LLTC). The EITC and the education credits are available to families and individuals. The tables show the number of tax units<sup>3</sup> expected to benefit from or claim these benefits using Treasury's Individual Tax Model (ITM). The ITM takes a stratified random sample of tax returns from a base year, forecasts the values of line items on the tax returns for 2022, and applies a very detailed tax calculator to analyze how changes in the tax system affect tax liability.

Summary Table A answers the questions for the key family and education tax benefits under the Administration's Budget: "How many tax units *benefit* from the provision(s), what is the total amount of benefit and what is the average benefit per return?" The benefits are explored individually and in combination. Summary Table B answers the questions for the key family and education tax benefits under the Administration's Budget: "How many tax units *claim* the provision(s) and what is the total amount claimed and average amount claimed per return?"

For any given provision shown in Summary Table A, the amount of benefit is calculated by comparing estimated tax liability to what estimated tax liability would be in the absence of the provision (but with the law and proposed law otherwise unchanged). In some cases, the number of tax units benefiting (or the amount of benefit received) is smaller than the number of tax units claiming (or the amount claimed). This difference occurs in cases where some would have chosen an alternate credit if the one under consideration were repealed. For example, in absence of the CTC, nearly all current claimants would switch to the ODTC. At most, these taxpayers would see their taxes increase by \$3,100 and not the full \$3,600 per young child. The number of credits claimed and the amount claimed are shown in Summary Table B. The amounts in Summary Table B also differ from the amounts shown in Summary Table A because the estimates in Summary Table A ignore changes in tax of less than \$5.

The remaining tables present greater detail for each of the lines of Summary Table A. An appendix provides a brief summary of the provisions, as proposed in the Budget.

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<sup>2</sup> Readers are referred to the General Explanation of the Administration's Budget Proposals for FY 2022 (Greenbook) for complete descriptions of current law reflecting the passage of the American Rescue Plan for taxable year 2021 and of the proposals: <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf>.

<sup>3</sup> A tax unit consists of the individuals on a given tax return. In some cases, membership will be identical to the household or family, but in other cases (e.g. a multigenerational household) membership will differ.

**Summary Table A**  
**Tax Support for Families from Main Family-Related Tax Provisions**  
**under Administration's Budget**  
**Taxable Year 2022**

<b>Counts and Amounts of Tax Units Benefitting from ...<sup>1</sup></b>		<b>Total Tax Units<sup>2</sup> (millions)</b>	<b>Total Value (\$billions)</b>	<b>Average Benefit (\$)</b>
1	Head of Household Filing Status	19.2	22.0	1,143
2	Child Credit (CTC) and Additional Child Tax Credit (ACTC) and Other Dependent Credit (ODC)	50.3	221.7	4,409
2A	Child Tax Credit and Additional Child Tax Credit	41.5	188.3	4,535
2B	Additional Child Tax Credit (ACTC) (make ACTC nonrefundable)	25.9	111.0	4,280
2C	Other Dependent Credit	14.4	9.2	637
3	Earned Income Tax Credit (EITC)	35.3	78.8	2,233
3A	EITC Marriage Penalty Relief <sup>3</sup>	4.0	3.6	896
3B	EITC Students and Disabled (repeal EITC for qualifying children >18)	3.1	5.9	1,889
3C	EITC for Families with Children	19.4	64.9	3,352
3D	EITC for Families with No Children	16.0	14.0	875
4	Child and Dependent Care Tax Credit	7.2	14.5	2,012
5	Education Credits (AOTC and LLTC)	13.1	18.0	1,375
5A	Lifetime Learning Credit (LLTC)	12.9	17.6	1,363
5B	American Opportunity Tax Credit (AOTC)	8.9	9.4	1,053
5C	Refundability of AOTC <sup>4</sup> (make AOTC nonrefundable)	4.7	4.0	836
6	Any Major Family and Education Credit <sup>5</sup>	71.8	333.1	4,638

<sup>1</sup> The tax benefits included in this table are the head of household filing status, the earned income tax credit (EITC), the child tax credit (CTC), the additional child tax credit (ACTC), the child and dependent care tax credit (CDCTC), the American opportunity tax credit (AOTC), the lifetime learning tax credit (LLTC) and the other dependent tax credit (ODTC).

<sup>2</sup> Dependent returns are excluded from the calculations. Returns are considered to benefit from a provision (or set of provisions) if income tax liability increases by \$5 or more if the provision is (or provisions are) repealed.

<sup>3</sup> In 2022, the phaseout range of the EITC for joint filers begins at incomes \$6,050 higher than for other filers.

<sup>4</sup> Even though all 8.9 million tax units claiming an AOTC claim the 40 percent of the credit that is refundable, only those with insufficient tax liability to offset their full credit benefit from this refundability. Tax units with sufficient tax liability would receive their full credit even without refundability; they are therefore not included among the 4.7 million units benefiting from refundability.

<sup>5</sup> The credits included in line 6 are the seven credits described in footnote 1.

**Summary Table B**  
**Number of Tax Units Claiming and Amounts Claimed for Key Family Credits<sup>1</sup>**  
**Under Administration's Budget**  
**Taxable Year 2022**

Tax Credit (numbers correspond to Tables 2-6)	Number of Tax Units (Millions)	Amount Claimed (\$Billions)	Average Claimed (\$)
2. Total CTC, ACTC and ODTC	50.5	221.9	4,396
2A. Total CTC + ACTC	41.5	212.6	5,120
- CTC	31.4	102.0	3,246
2B. ACTC	25.9	110.6	4,264
2C. ODTC	14.7	9.4	637
3. Total EITC	35.4	78.8	2,229
3C. EITC for workers with children	19.4	64.9	3,350
3D. EITC for workers without children	16.0	14.0	872
4. Total CDCTC	7.2	14.5	2,010
5. Total Education Credits	13.2	18.1	1,370
5A. LLTC <sup>2</sup>	4.5	3.3	735
5B. Total AOTC	9.0	14.8	1,647
- AOTC nonrefundable portion	6.6	7.1	1,083
5C. AOTC refundable portion <sup>3</sup>	9.0	7.6	851
6. Total EITC, CTC, ACTC & ODTC, CDCTC, & Educ. Credits	71.9	333.4	4,634

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July 12, 2021

<sup>1</sup> The tax benefits included in this table are the earned income tax credit (EITC), the child tax credit (CTC), the additional child tax credit (ACTC), the other dependent tax credit (ODTC), the child and dependent care tax credit (CDCTC), the American opportunity tax credit (ACTC) and the lifetime learning tax credit (LLTC). Head of Household filing status is not included. The line numbers correspond as closely as possible to Tables 2-6. Lines that are not numbered (but begin with a dash) do not correspond to an earlier table.

<sup>2</sup> The Omnibus Appropriations and Covid-19 Relief Act passed in December of 2020 expanded the phaseout of the LLTC to the higher AOTC levels.

<sup>3</sup> As written in the statute, the AOTC is calculated in two pieces: 40 percent of the otherwise allowable AOTC is refundable and the remaining 60 percent is not refundable. Thus, all tax units claiming an AOTC receive the refundable portion of the AOTC but only those with tax liability to offset are able to claim all or part of the nonrefundable portion of the AOTC. Of the 9 million tax units claiming an AOTC, 4.7 million would receive a smaller credit, or none at all, if the AOTC were not refundable.

**Table 1**  
**Estimated Benefit from**  
**Head of Household Filing Status**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	650	71	110
15,001 - 30,000	5,648	3,047	540
30,001 - 40,000	3,494	2,818	807
40,001 - 50,000	2,535	2,140	844
50,001 - 60,000	1,879	1,741	926
60,001 - 75,000	1,813	3,412	1,882
75,001 - 100,000	1,551	4,442	2,864
100,001 - 200,000	1,369	3,630	2,651
200,001 - 500,000	229	485	2,120
500,001 - 1,000,000	43	136	3,184
1,000,001 - 5,000,000	15	49	3,319
over 5,000,000	2	5	3,126
<b>Total<sup>1</sup></b>	<b>19,227</b>	<b>21,977</b>	<b>1,143</b>

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June 25, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 2**  
**Estimated Benefit from**  
**Child Tax Credit (CTC), Additional Child Tax Credit (ACTC)**  
**and Other Dependent Tax Credit (ODTC)**  
**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	5,769	26,701	4,628
15,001 - 30,000	8,888	42,020	4,728
30,001 - 40,000	5,272	23,054	4,373
40,001 - 50,000	4,127	18,426	4,465
50,001 - 60,000	3,475	15,674	4,510
60,001 - 75,000	4,082	18,159	4,448
75,001 - 100,000	5,076	23,285	4,587
100,001 - 200,000	9,671	42,275	4,372
200,001 - 500,000	3,728	11,125	2,984
500,001 - 1,000,000	14	20	1,353
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>1</sup></b>	<b>50,284</b>	<b>221,681</b>	<b>4,409</b>

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June 25, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 2A**  
**Estimated Benefit from**  
**Child Tax Credit (CTC) and Additional Child Tax Credit (ACTC)**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	5,740	26,675	4,647
15,001 - 30,000	7,819	39,697	5,077
30,001 - 40,000	4,180	19,203	4,594
40,001 - 50,000	3,217	14,862	4,620
50,001 - 60,000	2,721	12,506	4,597
60,001 - 75,000	3,143	14,518	4,619
75,001 - 100,000	3,944	18,623	4,722
100,001 - 200,000	7,595	33,335	4,389
200,001 - 500,000	2,960	7,880	2,662
500,001 - 1,000,000	14	20	1,353
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>1</sup></b>	<b>41,515</b>	<b>188,261</b>	<b>4,535</b>

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July 2, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 2B**  
**Estimated Benefit from**  
**Refundability of Additional Child Tax Credit (ACTC)**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	5,740	26,673	4,647
15,001 - 30,000	7,819	39,294	5,026
30,001 - 40,000	4,173	16,824	4,032
40,001 - 50,000	2,971	10,450	3,517
50,001 - 60,000	1,791	6,630	3,703
60,001 - 75,000	1,581	5,396	3,412
75,001 - 100,000	1,243	3,463	2,787
100,001 - 200,000	425	1,295	3,043
200,001 - 500,000	3	13	3,806
500,001 - 1,000,000	0	0	1,340
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>1</sup></b>	<b>25,927</b>	<b>110,977</b>	<b>4,280</b>

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June 30, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 2C**  
**Estimated Benefit from**  
**Other Dependent Tax Credit (ODTC)**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	45	6	126
15,001 - 30,000	1,667	735	441
30,001 - 40,000	1,784	1,185	665
40,001 - 50,000	1,476	1,025	695
50,001 - 60,000	1,268	921	726
60,001 - 75,000	1,520	1,007	662
75,001 - 100,000	1,837	1,232	671
100,001 - 200,000	3,477	2,200	633
200,001 - 500,000	1,313	859	654
500,001 - 1,000,000	1	1	532
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>1</sup></b>	<b>14,388</b>	<b>9,171</b>	<b>637</b>

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June 30, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 3**  
**Estimated Benefit from**  
**Earned Income Tax Credit (EITC)**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	15,645	28,066	1,794
15,001 - 30,000	12,928	37,926	2,934
30,001 - 40,000	4,015	9,675	2,410
40,001 - 50,000	2,053	2,593	1,263
50,001 - 60,000	412	272	660
60,001 - 75,000	0	0	0
75,001 - 100,000	0	0	0
100,001 - 200,000	0	0	0
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>1</sup></b>	<b>35,313</b>	<b>78,841</b>	<b>2,233</b>

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July 8, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 3A**  
**Estimated Benefit from**  
**Earned Income Tax Credit (EITC)**  
**Marriage Penalty Relief<sup>1</sup>**  
**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	166	66	395
15,001 - 30,000	1,501	1,149	766
30,001 - 40,000	990	1,141	1,153
40,001 - 50,000	970	990	1,021
50,001 - 60,000	376	247	658
60,001 - 75,000	0	0	0
75,001 - 100,000	0	0	0
100,001 - 200,000	0	0	0
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>2</sup></b>	<b>4,039</b>	<b>3,620</b>	<b>896</b>

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July 9, 2021

<sup>1</sup> In 2022, the phaseout range of the EITC for joint filers begins at incomes \$6,050 higher than for other filers.

<sup>2</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 3B**  
**Estimated Benefit from**  
**EITC for Students and Disabled Adults**  
**(EITC Qualifying Children Aged 19 to 23 and the Disabled Aged 19 and Up)<sup>1</sup>**  
**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting<sup>2</sup> (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	660	1,122	1,700
15,001 - 30,000	1,239	3,214	2,594
30,001 - 40,000	735	1,144	1,555
40,001 - 50,000	386	309	802
50,001 - 60,000	60	33	542
60,001 - 75,000	0	0	0
75,001 - 100,000	0	0	0
100,001 - 200,000	0	0	0
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>2</sup></b>	<b>3,099</b>	<b>5,856</b>	<b>1,889</b>

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July 9, 2021

<sup>1</sup> In general, a qualifying child must be under 19 years of age. Exceptions are in place for full-time students and the disabled. The age limit is extended to under 24 for full-time students. A full-time student is an individual who during each of five calendar months during the year was a full-time student at an educational organization broadly defined, or certain farm-related programs. The category "educational organizations" includes many types of schooling beyond traditional college. Full-time is defined by the educational organization. (In general, it corresponds to at least twelve credits hours or the equivalent.) Children who are permanently and totally disabled face no age limitation for the EITC.

<sup>2</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 3C**  
**Estimated Benefit from**  
**Earned Income Tax Credit (EITC) – Tax Units with Children**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	4,991	17,006	3,407
15,001 - 30,000	7,823	35,150	4,493
30,001 - 40,000	4,015	9,675	2,410
40,001 - 50,000	2,053	2,593	1,263
50,001 - 60,000	412	272	660
60,001 - 75,000	0	0	0
75,001 - 100,000	0	0	0
100,001 - 200,000	0	0	0
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>1</sup></b>	<b>19,355</b>	<b>64,877</b>	<b>3,352</b>

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July 9, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 3D**  
**Estimated Benefit from**  
**Earned Income Tax Credit (EITC) – Tax Units with No Children**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	10,655	11,060	1,038
15,001 - 30,000	5,105	2,777	544
30,001 - 40,000	0	0	0
40,001 - 50,000	0	0	0
50,001 - 60,000	0	0	0
60,001 - 75,000	0	0	0
75,001 - 100,000	0	0	0
100,001 - 200,000	0	0	0
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>1</sup></b>	<b>15,958</b>	<b>13,964</b>	<b>875</b>

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July 9, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 4**  
**Estimated Benefit from**  
**Child and Dependent Care Tax Credit (CDCTC)**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	342	496	1,453
15,001 - 30,000	713	1,532	2,150
30,001 - 40,000	609	1,235	2,028
40,001 - 50,000	551	1,151	2,089
50,001 - 60,000	486	1,077	2,216
60,001 - 75,000	551	1,352	2,454
75,001 - 100,000	806	1,947	2,416
100,001 - 200,000	2,194	4,564	2,080
200,001 - 500,000	959	1,152	1,202
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>1</sup></b>	<b>7,213</b>	<b>14,513</b>	<b>2,012</b>

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July 13, 2021

<sup>1</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 5**  
**Estimated Benefit from**  
**American Opportunity Tax Credit (AOTC) and Lifetime Learning Credit (LLTC)<sup>1</sup>**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units<sup>2</sup> Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	2,169	1,787	824
15,001 - 30,000	2,680	3,015	1,125
30,001 - 40,000	1,403	1,976	1,408
40,001 - 50,000	1,070	1,640	1,533
50,001 - 60,000	804	1,223	1,521
60,001 - 75,000	1,034	1,603	1,550
75,001 - 100,000	1,264	2,043	1,616
100,001 - 200,000	2,570	4,610	1,794
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>3</sup></b>	<b>13,054</b>	<b>17,955</b>	<b>1,375</b>

Office of Tax Analysis

July 13, 2021

<sup>1</sup> The Omnibus Appropriations and Covid-19 Relief Act passed in December 2020 expanded the phaseout of the LLTC to the higher AOTC levels.

<sup>2</sup> The filing status of 45 percent of all returns with an education credit was single.

<sup>3</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 5A**  
**Estimated Benefit from**  
**LLTC (with New Expanded Phaseout Range)<sup>1</sup>**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units<sup>2</sup> Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	99	12	119
15,001 - 30,000	733	381	519
30,001 - 40,000	535	392	733
40,001 - 50,000	442	367	830
50,001 - 60,000	380	334	878
60,001 - 75,000	520	452	869
75,001 - 100,000	596	450	755
100,001 - 200,000	1,052	852	810
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>3</sup></b>	<b>4,357</b>	<b>3,239</b>	<b>743</b>

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<sup>1</sup> The Omnibus Appropriations and Covid-19 Relief Act passed in December of 2020 expanded the phaseout of the LLTC to the higher AOTC levels.

<sup>2</sup> The filing status of 45 percent of all returns with an education credit was single.

<sup>3</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 5B**  
**Estimated Benefit from**  
**American Opportunity Tax Credit (AOTC)<sup>1</sup>**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units<sup>2</sup> Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	2,069	1,751	846
15,001 - 30,000	1,947	1,853	952
30,001 - 40,000	870	946	1,087
40,001 - 50,000	641	767	1,196
50,001 - 60,000	435	528	1,214
60,001 - 75,000	539	649	1,205
75,001 - 100,000	719	897	1,248
100,001 - 200,000	1,663	1,964	1,181
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>3</sup></b>	<b>8,941</b>	<b>9,413</b>	<b>1,053</b>

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<sup>1</sup> The Omnibus Appropriations and Covid-19 Relief Act passed in December expanded the phaseout of the LLTC to the higher AOTC levels.

<sup>2</sup> The filing status of 45 percent of all returns with an education credit was single.

<sup>3</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 5C**  
**Estimated Benefit from**  
**Refundability of the American Opportunity Tax Credit (AOTC)<sup>1</sup>**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units<sup>2</sup> Benefitting<sup>3</sup> (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	2,064	1,749	847
15,001 - 30,000	1,749	1,499	857
30,001 - 40,000	497	343	689
40,001 - 50,000	209	169	808
50,001 - 60,000	78	63	798
60,001 - 75,000	42	43	1,022
75,001 - 100,000	20	18	900
100,001 - 200,000	12	11	947
200,001 - 500,000	0	0	0
500,001 - 1,000,000	0	0	0
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>4</sup></b>	<b>4,731</b>	<b>3,953</b>	<b>836</b>

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<sup>1</sup> The Omnibus Appropriations and Covid-19 Relief Act passed in December expanded the phaseout of the LLTC to the higher AOTC levels.

<sup>2</sup> The filing status of 45 percent of all returns with an education credit was single.

<sup>3</sup> Even though all 8.9 million tax units claiming an AOTC claim the 40 percent of the credit that is refundable, only those with insufficient tax liability to offset their full credit benefit from this refundability. Tax units that have sufficient tax liability would receive their full credit even without refundability and are therefore not included among the 4.7 million benefiting from refundability.

<sup>4</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Table 6**  
**Estimated Benefit from**  
**Seven Main Tax Credits for Families with Child and Education Expenses<sup>1</sup>**

**Taxable Year 2022 – Administration's Budget**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 15,000	17,135	57,040	3,329
15,001 - 30,000	15,377	84,517	5,496
30,001 - 40,000	6,266	35,998	5,745
40,001 - 50,000	4,824	23,850	4,944
50,001 - 60,000	3,917	18,257	4,662
60,001 - 75,000	4,564	21,121	4,628
75,001 - 100,000	5,434	27,272	5,018
100,001 - 200,000	10,104	51,452	5,092
200,001 - 500,000	3,754	12,277	3,270
500,001 - 1,000,000	14	20	1,353
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
<b>Total<sup>2</sup></b>	<b>71,820</b>	<b>333,122</b>	<b>4,638</b>

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<sup>1</sup> The seven credits are: child tax credit (CTC), additional child tax credit (ACTC), tax credit for other dependents (ODTC), earned income tax credit (EITC), child and dependent care tax credit (CDCTC), American opportunity tax credit (AOTC), and lifetime learning tax credit (LLTC).

<sup>2</sup> Returns with negative income are excluded from the lowest income class but included in the total line. Dependent returns are excluded from the calculations. Returns with a tax change of at least \$5 are included in the calculations.

**Appendix**  
**Brief Description of the Main Tax Provisions for Families as Proposed in the**  
**Administration's Budget for Fiscal Year 2022**

Taxpayers with dependent children pay lower taxes than similar families without children through the following major tax provisions of the individual income tax. These provisions, as proposed for taxable year 2022, are described below. A more complete description of the provisions under current law and the proposals is available in the General Explanations of the Administration's Fiscal Year 2022 Revenue Proposals (the Greenbook).<sup>4</sup>

- *Filing status* – Unmarried taxpayers who are supporting a dependent child may be eligible to file as a head of household, instead of as a single filer. Head of household status has a higher standard deduction, and income is taxed under a separate rate bracket structure that is more generous than the brackets available to single filers.
- *Child credit (CTC)* – Taxpayers may be eligible for a fully refundable child credit of \$3,600 for each child up through age 5 and \$3,000 for each child age 6 through age 17 with a valid social security number. Taxpayers with insufficient tax liability to claim the entire CTC may claim the full amount remaining as an additional child credit (ACTC). The portion of the credit in excess of \$2,000 per child phases out sequentially with income in excess of \$150,000 of modified AGI for married joint filers or surviving spouses, \$112,500 for head of household filers, and \$75,000 for all other filers, with a modified rule for large families. The remaining CTC (combined with the amount of other dependent credit [see below]) phases out beginning at \$200,000 of modified adjusted gross income (AGI) (\$400,000 for married couples filing a joint return).<sup>5</sup>
- *Other dependent credit (ODTC)* – Taxpayers may be eligible for a non-refundable other dependent credit of up to \$500 for each qualifying dependent relative or child who is not eligible for the child credit. The ODTC (combined with the amount of CTC [see above]) phases out beginning at \$200,000 of modified AGI (\$400,000 for married couples filing a joint return).
- *Earned income tax credit (EITC)* – Taxpayers with earned income may be eligible for a refundable EITC. The amount of EITC a taxpayer may receive initially increases as the taxpayer earns more income, then remains constant over a range of earned income, and then decreases as earned income (or modified adjusted gross income, if greater) increases further. The credit begins to phase out at a higher income level for married taxpayers and is more generous for families with more children (up to three children).
  - Taking the one-child schedule for a single parent as an example with estimated parameters for 2022, the credit phases in with earnings at a rate of 34 percent, until the maximum credit of \$3,679 at \$10,820. The credit begins phasing out with

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<sup>4</sup> The Greenbook is available here: <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf>

<sup>5</sup> Up to 50 percent of the credit may be received in advance during the 2021; the first monthly payments based on predicted eligibility were disbursed in July. This document does not otherwise consider the advance or the related safe harbor.

- modified AGI (or earnings if greater) in excess of \$19,840 at a rate of 15.98 percent, phasing out completely at \$42,861.<sup>6</sup>
- Under the Administration's Budget for taxpayers with no qualifying children (including those living with children they do not claim), for taxable year 2022 the phase-in and phaseout rate is 15.3 percent, and the maximum credit is \$1,527. The credit is fully phased in at earnings of \$9,980 and begins phasing out at the greater of earnings or modified AGI at \$11,800.
  - The EITC for married taxpayers who file a joint return begins to phase out at incomes \$6,050 higher than for other filers.
  - *Child and dependent care credit (CDCTC)* – Taxpayers with expenses for caring for a qualifying individual, who may be a child or an adult, may be eligible for a non-refundable CDCTC. The credit is generally available for working taxpayers with dependent children under age 13, but it is also available for working taxpayers supporting parents or other dependents needing care. The maximum credit match rate is 50 percent of up to \$8,000 of childcare expenses for 1 child or dependent and \$16,000 for 2 or more children or dependents. The credit match rate is phased down from 50 percent to 20 percent for taxpayers with AGI between \$125,000 and \$183,000. The credit rate is 20 percent for a taxpayer with AGI between \$183,000 and \$400,000. The phase down of the match rate then continues and is complete for taxpayers with AGI of \$438,000 or more.<sup>7</sup>
  - *American opportunity tax credit (AOTC) and lifetime learning credit (LLTC)* – Taxpayers with expenses related to their or their dependent children's post-secondary education may be eligible for the partially refundable AOTC of up to \$2,500, with up to \$1,000 of the credit being refundable. The credit phases out beginning at \$80,000 of modified AGI (\$160,000 for joint filers) and is available for 4 years. Students must attend at least half time to be eligible for this credit. Taxpayers may also be eligible for a nonrefundable LLTC for 20 percent of up to \$10,000 of expenses required for enrollment per return. The phaseout range is the same as for the AOTC and there is no limit on the number of years the credit may be claimed or on the intensity of study. The expenses of any one student may be applied to only one credit.

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<sup>6</sup> Parameters shown are Treasury estimates for taxable year 2022. The end of the phase-in range and the end of the plateau are indexed for inflation.

<sup>7</sup> Taxpayers whose employers offer the benefit may also exclude from income for income and payroll tax purposes amounts contributed to a dependent care flexible spending program, up to certain limits. This exclusion is not modeled here.