

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

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	0	0	2,100
15,001 - 30,000	158	49	308
30,001 - 40,000	484	233	482
40,001 - 50,000	510	277	543
50,001 - 60,000	471	279	592
60,001 - 75,000	535	320	597
75,001 - 100,000	788	462	587
100,001 - 200,000	2,017	1,180	585
200,001 - 500,000	892	508	570
500,001 - 1,000,000	134	78	581
1,000,001 - 5,000,000	34	22	647
over 5,000,000	2	1	695
Total¹	6,025	3,409	566

Office of Tax Analysis

July 13, 2021

¹ 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)¹

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units² Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	2,168	1,785	824
15,001 - 30,000	2,621	2,864	1,093
30,001 - 40,000	1,367	1,787	1,307
40,001 - 50,000	1,055	1,536	1,457
50,001 - 60,000	803	1,194	1,486
60,001 - 75,000	1,032	1,597	1,547
75,001 - 100,000	1,264	2,034	1,609
100,001 - 200,000	2,570	4,609	1,793
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
Total³	12,939	17,465	1,350

Office of Tax Analysis

August 3, 2021

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

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

³ 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)¹

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units² Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	98	12	119
15,001 - 30,000	675	364	539
30,001 - 40,000	498	349	700
40,001 - 50,000	424	344	813
50,001 - 60,000	379	328	865
60,001 - 75,000	518	450	870
75,001 - 100,000	595	448	753
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
Total³	4,239	3,146	742

Office of Tax Analysis

August 3, 2021

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

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

³ 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)¹

Taxable Year 2022			
Adjusted Gross Income (\$)	Tax Units² Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	2,069	1,751	846
15,001 - 30,000	1,946	1,830	940
30,001 - 40,000	870	900	1,034
40,001 - 50,000	641	736	1,148
50,001 - 60,000	435	520	1,197
60,001 - 75,000	539	646	1,199
75,001 - 100,000	719	893	1,243
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
Total³	8,940	9,298	1,040

Office of Tax Analysis

August 3, 2021

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

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

³ 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)¹

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units² Benefitting³ (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	2,065	1,749	847
15,001 - 30,000	1,769	1,504	851
30,001 - 40,000	544	388	713
40,001 - 50,000	288	237	824
50,001 - 60,000	121	96	791
60,001 - 75,000	76	66	869
75,001 - 100,000	30	33	1,112
100,001 - 200,000	15	13	914
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
Total⁴	4,965	4,144	835

Office of Tax Analysis

August 3, 2021

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

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

³ 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.

⁴ 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 Expenses¹

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting² (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	12,749	26,036	2,042
15,001 - 30,000	11,767	55,375	4,706
30,001 - 40,000	6,254	24,947	3,989
40,001 - 50,000	4,791	15,638	3,264
50,001 - 60,000	3,909	11,401	2,917
60,001 - 75,000	4,554	13,125	2,882
75,001 - 100,000	5,423	16,911	3,118
100,001 - 200,000	10,103	33,745	3,340
200,001 - 500,000	3,749	11,054	2,948
500,001 - 1,000,000	144	95	662
1,000,001 - 5,000,000	34	22	647
over 5,000,000	2	1	695
Total²	63,780	208,832	3,274

Office of Tax Analysis

August 4, 2021

¹ 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).

² 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 for Taxable Year 2022 under Current Law

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 are described below. A more complete description of the provisions under current law (and as proposed for 2022) is available in the General Explanations of the Administration's Fiscal Year 2022 Revenue Proposals (the Greenbook).⁴

- *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 partially refundable child credit of \$2,000 for each child through age 16 with a valid social security number. Taxpayers with insufficient tax liability to claim the entire CTC may be able to claim up to \$1,400 per child of unclaimed credit as an additional child credit (ACTC). The ACTC is calculated as the lesser of any unclaimed credit and fifteen percent of any earnings in excess of \$2,500, up to \$1,400 per child. The CTC (combined with the amount of other dependent credit [see below]) phases out beginning at \$200,000 of modified adjusted gross income (AGI) and \$400,000 for married couples filing a joint return.⁵
- *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 as an example the one-child schedule for a single parent 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 modified AGI (or earnings if greater) in excess of \$19,840 at a rate of 15.98 percent, phasing out completely at \$42,861.⁶

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

⁵ 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. The Administration has proposed extending the advance for additional years but it is not extended under current law and not considered here.

⁶ 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.



- Under current law 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 7.65 percent, and the maximum credit is \$552. 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 will begin 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 rate is 35 percent of up to \$3,000 of childcare expenses for 1 child and \$6,000 for 2 or more children. The credit rate phases down beginning at incomes of \$15,000 until the rate reaches 20 percent at incomes above \$43,000.⁷
- *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 per return of expenses required for enrollment per return. The phaseout range is the same as for the AOTC⁸ 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.

⁷ 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.

⁸ The phaseout range for the LLTC was increased to match the phaseout range of the AOTC beginning in taxable year 2021 as part of the Consolidated Appropriations Act of 2020.

