

**Benefits to Families and Individuals from the
Major Family and Education Tax Provisions under Current Law¹
for Taxable Year 2022**



**Office of Tax Analysis
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**Deena Ackerman
Michael Cooper**

¹ A companion document describing the benefits to families for taxable year 2022 under the Administration's Budget proposals for fiscal year 2022 instead of under current law 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 **under current law 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). Under current law, the provisions will largely revert back to prior year rules for taxable year 2022.²

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 ODTTC 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 units³ 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 current law: "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 current law: "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 ODTTC. At most, these taxpayers would see their taxes increase by \$1,500 and not the full \$2,000 per 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 under current law for taxable year 2022.

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

³ 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 Current Law
Taxable Year 2022

Counts and Amounts of Tax Units Benefitting from ...¹		Total Tax Units² (millions)	Total Value (\$billions)	Average Benefit (\$)
1	Head of Household Filing Status	15.3	18.4	1,203
2	Child Credit (CTC) and Additional Child Tax Credit (ACTC) and Other Dependent Credit (ODC)	48.6	119.8	2,463
2A	Child Tax Credit and Additional Child Tax Credit	38.4	86.7	2,258
2B	Additional Child Tax Credit (ACTC) (make ACTC nonrefundable)	20.2	35.8	1,770
2C	Other Dependent Credit	15.7	10.1	644
3	Earned Income Tax Credit (EITC)	26.4	67.1	2,544
3A	EITC Marriage Penalty Relief ³	4.3	3.9	895
3B	EITC Students and Disabled (repeal EITC for qualifying children >18)	3.1	6.5	2,091
3C	EITC for Families with Children	19.4	64.9	3,351
3D	EITC for Families with No Children	7.0	2.3	323
4	Child and Dependent Care Tax Credit	6.0	3.4	566
5	Education Credits (AOTC and LLTC)	12.9	17.5	1,350
5A	Lifetime Learning Credit (LLTC)	4.2	3.1	742
5B	American Opportunity Tax Credit (AOTC)	8.9	9.3	1,040
5C	Refundability of AOTC ⁴ (make AOTC nonrefundable)	5.0	4.1	835
6	Any Major Family and Education Credit ⁵	63.8	208.8	3,274

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August 5, 2021



¹ 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).

² 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.

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

⁴ 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 5.0 million units benefiting from refundability.

⁵ 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 Credits¹
Under Current Law
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	48.9	120.1	2,457
2A. Total CTC + ACTC	38.4	109.2	2,841
- CTC	29.4	73.6	2,500
2B. ACTC	20.3	35.6	1,759
2C. ODTC	16.9	10.9	643
3. Total EITC	26.4	67.1	2,540
3C. EITC for workers with children	19.4	2.3	117
3D. EITC for workers without children	7.1	64.9	9,172
4. Total CDCTC	6.6	3.9	585
5. Total Education Credits	13.2	18.0	1,365
5A. LLTC	4.5	3.3	734
5B. Total AOTC ²	9.0	14.7	1,640
- AOTC nonrefundable portion	6.5	7.1	1,082
5C. AOTC refundable portion ³	9.0	7.6	851
6. Total EITC, CTC, ACTC & ODTC, CDCTC, & Educ. Credits	63.7	205.2	3,223

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August 3, 2021

¹The 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.

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

³As 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, 5.0 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			
Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	23	2	100
15,001 - 30,000	2,610	1,141	437
30,001 - 40,000	3,259	2,474	759
40,001 - 50,000	2,501	2,028	811
50,001 - 60,000	1,873	1,746	932
60,001 - 75,000	1,810	3,379	1,867
75,001 - 100,000	1,550	3,918	2,528
100,001 - 200,000	1,369	3,092	2,258
200,001 - 500,000	229	483	2,115
500,001 - 1,000,000	42	91	2,142
1,000,001 - 5,000,000	14	29	2,024
over 5,000,000	2	3	1,932
Total¹	15,284	18,386	1,203
Office of Tax Analysis		June 25, 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 2
Estimated Benefit from
Child Tax Credit (CTC), Additional Child Tax Credit (ACTC)
and Other Dependent Tax Credit (ODTC)
Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	4,488	5,103	1,137
15,001 - 30,000	8,710	16,861	1,936
30,001 - 40,000	5,255	12,869	2,449
40,001 - 50,000	4,093	11,051	2,700
50,001 - 60,000	3,467	9,607	2,771
60,001 - 75,000	4,072	11,190	2,748
75,001 - 100,000	5,063	14,406	2,845
100,001 - 200,000	9,669	27,951	2,891
200,001 - 500,000	3,709	10,545	2,843
500,001 - 1,000,000	13	17	1,345
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
Total¹	48,641	119,808	2,463
Office of Tax Analysis		August 2, 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 2A
Estimated Benefit from
Child Tax Credit (CTC) and Additional Child Tax Credit (ACTC)

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	4,452	5,079	1,141
15,001 - 30,000	7,474	14,693	1,966
30,001 - 40,000	3,987	9,123	2,288
40,001 - 50,000	3,069	7,514	2,448
50,001 - 60,000	2,576	6,443	2,501
60,001 - 75,000	2,977	7,553	2,537
75,001 - 100,000	3,747	9,744	2,600
100,001 - 200,000	7,189	19,011	2,644
200,001 - 500,000	2,812	7,300	2,597
500,001 - 1,000,000	13	17	1,345
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
Total¹	38,397	86,684	2,258

Office of Tax Analysis

August 2, 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 2B
Estimated Benefit from
Refundability of Additional Child Tax Credit (ACTC)

Taxable Year 2022			
Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	4,451	5,077	1,140
15,001 - 30,000	7,468	14,366	1,924
30,001 - 40,000	3,715	7,210	1,941
40,001 - 50,000	2,022	4,226	2,090
50,001 - 60,000	1,215	2,416	1,989
60,001 - 75,000	802	1,474	1,838
75,001 - 100,000	359	597	1,662
100,001 - 200,000	89	224	2,502
200,001 - 500,000	2	6	2,840
500,001 - 1,000,000	0	0	1,132
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
Total¹	20,226	35,800	1,770
Office of Tax Analysis		August 2, 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 2C
Estimated Benefit from
Other Dependent Tax Credit (ODTC)

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	35	5	137
15,001 - 30,000	1,399	605	433
30,001 - 40,000	1,838	1,168	635
40,001 - 50,000	1,615	1,096	678
50,001 - 60,000	1,445	1,029	712
60,001 - 75,000	1,724	1,153	669
75,001 - 100,000	2,111	1,426	676
100,001 - 200,000	4,025	2,617	650
200,001 - 500,000	1,493	1,007	674
500,001 - 1,000,000	2	1	502
1,000,001 - 5,000,000	0	0	0
over 5,000,000	0	0	0
Total¹	15,688	10,108	644

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August 2, 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 3
Estimated Benefit from
Earned Income Tax Credit (EITC)

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	11,197	19,136	1,709
15,001 - 30,000	8,522	35,249	4,136
30,001 - 40,000	4,015	9,674	2,409
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
Total¹	26,391	67,138	2,544
Office of Tax Analysis			August 3, 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 3A
Estimated Benefit from
Earned Income Tax Credit (EITC)
Marriage Penalty Relief¹
Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	185	71	383
15,001 - 30,000	1,687	1,325	785
30,001 - 40,000	1,129	1,291	1,143
40,001 - 50,000	958	961	1,003
50,001 - 60,000	306	178	581
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
Total²	4,309	3,857	895

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August 3, 2021

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

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.



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)¹
Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	660	1,537	2,329
15,001 - 30,000	1,239	3,418	2,758
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
Total²	3,099	6,481	2,091

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¹ 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.

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.



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

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	4,991	16,997	3,406
15,001 - 30,000	7,823	35,149	4,493
30,001 - 40,000	4,015	9,674	2,409
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
Total¹	19,355	64,866	3,351
Office of Tax Analysis			August 3, 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 3D
Estimated Benefit from
Earned Income Tax Credit (EITC) – Tax Units with No Children

Taxable Year 2022

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 15,000	6,206	2,138	345
15,001 - 30,000	699	99	142
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
Total¹	7,037	2,273	323
Office of Tax Analysis			August 3, 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 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

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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

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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.

