

**Benefits to Families and Individuals from the  
Major Family and Education Tax Provisions under Current Law  
for Taxable Year 2025**



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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 2025** as a function of adjusted gross income (AGI).

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 tables show the number of tax units<sup>1</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 2025, 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 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 This difference occurs in cases where some would have chosen an alternate credit if the one under consideration were repealed.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 \$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 2025.

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<sup>1</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. Although the word "family" is often used in its place, tax unit is the more accurate term.

**Summary Table A**  
**Tax Support for Families from Main Family-Related Tax Provisions**  
**Taxable Year 2025**

Counts and Amounts of Tax Units Benefitting from ...	Total Tax Units <sup>1</sup> (millions)	Total Value (\$billions)	Average Benefit (\$)
1 Head of Household Filing Status	17.7	24.3	1,377
2 Child Credit (CTC), Additional Child Tax Credit (ACTC), and Other Dependent Credit (ODTC)	46.1	117.1	2.5
2A Child Tax Credit and Additional Child Tax Credit	36.4	86.6	2.4
2B Additional Child Tax Credit (ACTC) (i.e. the refundable portion of the CTC)	18.0	36.5	2.0
2C Other Dependent Credit	14.8	8.8	0.6
3 Earned Income Tax Credit (EITC)	27.2	79.4	2,922
3A EITC: Higher Phase Out Threshold for Joint Filers (EITC Marriage Penalty Relief) <sup>2</sup>	3.8	3.9	1,025
3B EITC: Students and Disabled Adults Over 18 Treated as Qualifying Children	3.3	8.2	2,528
3C EITC for Families with Children	19.1	76.4	3,993
3D EITC for Families with No Children	8.0	3.0	369
4 Child and Dependent Care Tax Credit	5.9	3.6	605
5 Education Credits (AOTC and LLTC)	8.8	13.4	1,515
5A Lifetime Learning Credit (LLTC)	2.9	2.8	983
5B American Opportunity Tax Credit (AOTC)	6.1	6.5	1,066
5C Refundability of AOTC <sup>3</sup> (i.e. make AOTC nonrefundable)	3.3	2.9	880
6 All Major Family and Education Credits	60.4	214.1	3,545

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<sup>1</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>2</sup> In 2025, the phaseout range of the EITC for joint filers begins at incomes \$7,130 higher than for other filers.

<sup>3</sup> Even though all 6.1 million families claiming an AOTC claim the 40% of the credit that is refundable, only families with insufficient tax liability to offset their full credit benefit from this refundability. Families that have sufficient tax liability would receive their full credit even without refundability and are therefore not included among the 3.3 million families benefiting from refundability.

**Summary Table B**  
**Number of Tax Units Claiming and Amounts Claimed for Key Family Credits<sup>1</sup>**

**Taxable Year 2025**

<b>Tax Credit</b> <b>(numbers correspond to Table A)</b>	<b>Number of</b> <b>Tax Units</b> <b>(Millions)</b>	<b>Amount</b> <b>Claimed</b> <b>(\$Billions)</b>	<b>Average</b> <b>Claimed</b> <b>(\$)</b>
2. Total CTC, ACTC and ODTC	46.5	117.5	2,529
2A. Total CTC + ACTC	36.5	108.1	2,964
▪ CTC	28.7	71.6	2,492
2B. ACTC	18.0	36.5	2,029
2C. ODTC	15.7	9.4	597
3. Total EITC	27.2	79.4	2,917
3C. EITC for workers with children	19.1	76.4	3,993
3D. EITC for workers without children	8.1	3.0	367
4. Total CDCTC	6.4	3.9	615
5. Total Education Credits	8.9	13.6	1,529
5A. LLTC	3.0	2.9	977
5B. Total AOTC	6.1	10.7	1,762
▪ AOTC nonrefundable portion	4.6	5.3	1,135
5C. AOTC refundable portion <sup>2</sup>	6.1	5.5	899
6. Total EITC, CTC, ACTC & ODTC, CDCTC, & Educ. Credits	60.5	214.4	3,543

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<sup>1</sup> The line numbers correspond as closely as possible to Table A and to Tables 2-6, which follow. Lines that are not numbered (but begin with a square) do not correspond to a table.

<sup>2</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 6.1 million tax units claiming an AOTC, 3.3 million would claim 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 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	0	0	0
15,000 - 29,999	2,999	1,378	460
30,000 - 39,999	3,349	2,733	816
40,000 - 49,999	2,614	2,502	957
50,000 - 59,999	1,916	1,830	955
60,000 - 74,999	1,968	2,479	1,260
75,000 - 99,999	2,088	5,605	2,684
100,000 - 199,999	2,177	6,312	2,899
200,000 - 499,999	460	1,247	2,709
500,000 - 999,999	59	159	2,695
1 million - 4,999,999	22	52	2,358
5 million or more	3	6	2,275
<b>Total<sup>1</sup></b>	<b>17,653</b>	<b>24,302</b>	<b>1,377</b>

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<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 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	2,278	2,807	1,233
15,000 - 29,999	7,822	16,915	2,163
30,000 - 39,999	4,859	12,303	2,532
40,000 - 49,999	3,843	10,128	2,635
50,000 - 59,999	2,949	7,750	2,628
60,000 - 74,999	3,581	9,349	2,611
75,000 - 99,999	4,778	12,800	2,679
100,000 - 199,999	10,458	29,074	2,780
200,000 - 499,999	5,378	15,639	2,908
500,000 - 999,999	18	18	1,012
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
Total <sup>1</sup>	46,100	117,128	2,541

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<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 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	2,270	2,805	1,236
15,000 - 29,999	7,098	15,621	2,201
30,000 - 39,999	3,861	9,533	2,469
40,000 - 49,999	2,917	7,196	2,467
50,000 - 59,999	2,195	5,305	2,417
60,000 - 74,999	2,618	6,374	2,435
75,000 - 99,999	3,458	8,678	2,510
100,000 - 199,999	7,673	19,817	2,583
200,000 - 499,999	4,195	10,926	2,605
500,000 - 999,999	18	18	1,012
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
<b>Total<sup>1</sup></b>	<b>36,438</b>	<b>86,617</b>	<b>2,377</b>

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<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**  
**The Additional Child Tax Credit (ACTC)**

**Taxable Year 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	2,270	2,804	1,235
15,000 - 29,999	7,087	15,469	2,183
30,000 - 39,999	3,759	8,389	2,232
40,000 - 49,999	2,260	4,685	2,073
50,000 - 59,999	1,104	2,288	2,074
60,000 - 74,999	795	1,462	1,839
75,000 - 99,999	434	756	1,741
100,000 - 199,999	137	307	2,244
200,000 - 499,999	8	25	3,347
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
<b>Total<sup>1</sup></b>	<b>17,988</b>	<b>36,527</b>	<b>2,031</b>

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<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 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	5	1	218
15,000 - 29,999	882	292	332
30,000 - 39,999	1,483	757	510
40,000 - 49,999	1,429	829	580
50,000 - 59,999	1,185	722	609
60,000 - 74,999	1,444	882	611
75,000 - 99,999	2,011	1,261	627
100,000 - 199,999	4,249	2,702	636
200,000 - 499,999	2,086	1,381	662
500,000 - 999,999	2	1	616
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
<b>Total<sup>1</sup></b>	<b>14,776</b>	<b>8,828</b>	<b>597</b>

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<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 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	8,464	11,776	1,391
15,000 - 29,999	9,786	42,509	4,344
30,000 - 39,999	4,150	16,167	3,895
40,000 - 49,999	3,075	6,709	2,181
50,000 - 59,999	1,191	1,698	1,426
60,000 - 74,999	288	199	689
75,000 - 99,999	0	0	0
100,000 - 199,999	0	0	0
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
<b>Total<sup>1</sup></b>	<b>27,154</b>	<b>79,353</b>	<b>2,922</b>

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<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)**  
**Higher Phase Out Threshold for Joint Filers (Marriage Penalty Relief)<sup>1</sup>**  
**Taxable Year 2025**

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 14,999	161	48	295
15,000 - 29,999	895	491	548
30,000 - 39,999	857	1,158	1,351
40,000 - 49,999	831	1,120	1,348
50,000 - 59,999	696	815	1,172
60,000 - 74,999	279	193	692
75,000 - 99,999	0	0	0
100,000 - 199,999	0	0	0
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
Total <sup>1</sup>	3,758	3,852	1,025

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<sup>1</sup> In 2025, the phaseout range of the EITC for joint filers begins at incomes \$7,130 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**  
**Earned Income Tax Credit (EITC)**  
**Students and Disabled Adults Over 18 Treated as Qualifying Children<sup>1</sup>**  
**Taxable Year 2025**

Adjusted Gross Income (\$)	Tax Units Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 - 14,999	359	899	2,500
15,000 - 29,999	1,201	4,207	3,503
30,000 - 39,999	782	1,967	2,514
40,000 - 49,999	616	861	1,397
50,000 - 59,999	242	242	1,002
60,000 - 74,999	42	23	543
75,000 - 99,999	0	0	0
100,000 - 199,999	0	0	0
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
Total <sup>1</sup>	3,258	8,237	2,528

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<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 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	2,613	9,278	3,551
15,000 - 29,999	7,747	42,094	5,434
30,000 - 39,999	4,150	16,167	3,895
40,000 - 49,999	3,075	6,709	2,181
50,000 - 59,999	1,191	1,698	1,426
60,000 - 74,999	288	199	689
75,000 - 99,999	0	0	0
100,000 - 199,999	0	0	0
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
<b>Total<sup>1</sup></b>	<b>19,130</b>	<b>76,394</b>	<b>3,993</b>

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<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 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	5,851	2,498	427
15,000 - 29,999	2,039	415	204
30,000 - 39,999	0	0	0
40,000 - 49,999	0	0	0
50,000 - 59,999	0	0	0
60,000 - 74,999	0	0	0
75,000 - 99,999	0	0	0
100,000 - 199,999	0	0	0
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
Total <sup>1</sup>	8,024	2,959	369

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<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 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	0	0	0
15,000 - 29,999	138	37	272
30,000 - 39,999	395	214	541
40,000 - 49,999	435	266	611
50,000 - 59,999	337	195	580
60,000 - 74,999	454	268	589
75,000 - 99,999	632	393	621
100,000 - 199,999	1,899	1,217	641
200,000 - 499,999	1,380	845	613
500,000 - 999,999	204	117	572
1 million - 4,999,999	56	36	646
5 million or more	3	2	686
Total <sup>1</sup>	5,934	3,590	605

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<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. A small number of returns with qualified dependents over the age of 13 are included. Disabled children and relatives are not subject to the age limitation.



**Table 5**  
**Estimated Benefit from**  
**American Opportunity Tax Credit (AOTC) and Lifetime Learning Credit (LLTC)**

**Taxable Year 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units<sup>1</sup> Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	860	786	913
15,000 - 29,999	1,814	1,972	1,087
30,000 - 39,999	1,111	1,612	1,451
40,000 - 49,999	823	1,351	1,641
50,000 - 59,999	651	1,162	1,785
60,000 - 74,999	859	1,555	1,811
75,000 - 99,999	855	1,513	1,769
100,000 - 199,999	1,797	3,357	1,869
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
Total <sup>2</sup>	8,820	13,359	1,515

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<sup>1</sup> The filing status of 45 percent of all returns with an education credit was single.

<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 5A**  
**Estimated Benefit from**  
**Lifetime Learning Credit (LLTC)**

**Taxable Year 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units<sup>1</sup> Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	1	1	950
15,000 - 29,999	446	251	563
30,000 - 39,999	356	330	926
40,000 - 49,999	310	339	1,095
50,000 - 59,999	286	330	1,155
60,000 - 74,999	382	430	1,126
75,000 - 99,999	362	372	1,030
100,000 - 199,999	716	755	1,054
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
<b>Total<sup>2</sup></b>	<b>2,860</b>	<b>2,809</b>	<b>983</b>

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<sup>1</sup> The filing status of 51 percent of all returns with an lifetime learning credit was single.

<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 5B**  
**Estimated Benefit from**  
**American Opportunity Tax Credit (AOTC)**

**Taxable Year 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units<sup>1</sup> Benefiting (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	859	784	912
15,000 - 29,999	1,368	1,314	961
30,000 - 39,999	756	784	1,037
40,000 - 49,999	517	581	1,124
50,000 - 59,999	374	445	1,189
60,000 - 74,999	489	606	1,240
75,000 - 99,999	515	608	1,181
100,000 - 199,999	1,153	1,310	1,137
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
<b>Total<sup>2</sup></b>	<b>6,079</b>	<b>6,483</b>	<b>1,066</b>

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<sup>1</sup> The filing status of 41 percent of all returns with an AOTC was single.

<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 5C**  
**Estimated Benefit from**  
**Refundability of the American Opportunity Tax Credit (AOTC)**

**Taxable Year 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units<sup>1</sup> Benefitting<sup>2</sup> (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	859	783	911
15,000 - 29,999	1,310	1,193	911
30,000 - 39,999	578	430	744
40,000 - 49,999	250	215	860
50,000 - 59,999	117	102	876
60,000 - 74,999	72	66	923
75,000 - 99,999	28	30	1,098
100,000 - 199,999	15	13	869
200,000 - 499,999	0	0	0
500,000 - 999,999	0	0	0
1 million - 4,999,999	0	0	0
5 million or more	0	0	0
Total <sup>3</sup>	3,277	2,884	880

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<sup>1</sup> The filing status of 50 percent of all returns benefitting from the refundability of the AOTC was single.

<sup>2</sup> Even though all 6.1 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 3.3 million benefitting from refundability.

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

**Taxable Year 2025**

<b>Adjusted Gross Income (\$)</b>	<b>Tax Units Benefiting<sup>1</sup> (Thousands)</b>	<b>Total Benefit (\$Millions)</b>	<b>Average Benefit (\$)</b>
0 - 14,999	9,195	15,377	1,672
15,000 - 29,999	11,727	61,621	5,254
30,000 - 39,999	5,781	30,570	5,288
40,000 - 49,999	4,395	18,559	4,223
50,000 - 59,999	3,318	10,848	3,270
60,000 - 74,999	4,028	11,385	2,827
75,000 - 99,999	5,098	14,709	2,885
100,000 - 199,999	10,799	33,652	3,116
200,000 - 499,999	5,445	16,484	3,027
500,000 - 999,999	216	135	623
1 million - 4,999,999	56	36	646
5 million or more	3	2	686
<b>Total<sup>2</sup></b>	<b>60,383</b>	<b>214,070</b>	<b>3,545</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 for Taxable Year 2025

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. All indexed parameter values are estimated using the economic assumptions in the FY25 Budget.

- *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 tax 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 \$1,700 per child of unclaimed credit as an additional child credit (ACTC).<sup>2</sup> The ACTC is calculated as the lesser of any unclaimed credit and fifteen percent of any earnings in excess of \$2,500, up to \$1,700 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.
- *Other dependent tax 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 2025, the credit phases in with earnings at a rate of 34 percent, until the maximum credit of \$4,338 at \$12,760. The credit begins phasing out with modified AGI (or earnings if greater) in excess of \$23,400 at a rate of 15.98 percent, phasing out completely at \$50,549.<sup>3</sup>
  - Under current law for taxpayers with no qualifying children (including those living with children they do not claim), for taxable year 2025 the phase-in and phaseout rate is 7.65 percent, and the maximum credit is \$651. The credit is fully phased in at

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<sup>2</sup> Parameters shown are Treasury estimates for taxable year 2025. The maximum value of the ACTC is indexed for inflation through 2025 and capped at \$2,000.

<sup>3</sup> Parameters shown are Treasury estimates for taxable year 2025. For the EITC, the end of the phase-in range and the end of the plateau, and marriage penalty relief are indexed for inflation.

- earnings of \$8,510 and begins phasing out at the greater of earnings or modified AGI at \$10,640.
- The EITC for married taxpayers who file a joint return will begin to phase out at incomes \$7,130 higher than for other filers.
  - *Child and dependent care tax 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.<sup>4</sup>
  - *American opportunity tax credit (AOTC) and lifetime learning tax 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 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.

Although the benefits described in this paper are largely focused on taxpayers with dependent children, some of these benefits are also available to taxpayers based on their own circumstances or the presence of an older dependent. Low-income taxpayers without children may claim a small EITC. Taxpayers may claim education credits for their own education expenses, and not just those of dependent children. The credit for other dependents is available for all dependents who are not eligible for a child credit. The CDCTC is also available to taxpayers with disabled or elderly dependents, and Head of Household status is available to taxpayers with qualifying dependents, including dependents who are not children.

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<sup>4</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.