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Tax Support for Families under Current Law
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This paper discusses major tax provisions that support typical families under current law, the number of families that benefit from these provisions, and the degree to which they benefit from these provisions. The paper discusses recent changes to these provisions. The paper also presents stylized marginal tax rates, average tax rates, and the tax support for dependents under current law. For Tax Year 2019, an estimated 64.1 million families receive \$215.9 billion in benefit, with an average benefit from the credits of \$3,366.

Keywords: Families, Child Tax Credit (CTC), Additional Child Tax Credit (ACTC), Child and Dependent Care Tax Credit (CDCTC), Earned Income Tax Credit (EITC), American Opportunity Tax Credit (AOTC), Lifetime Learning Tax Credit (LLTC) and Other Dependent Tax Credit (ODTC).

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The federal income tax system supports families by reducing their tax liabilities, and thus increasing their after-tax incomes, in a number of different ways. Principally, this support takes the form of certain deductions and credits being made available only to taxpayers with children or other dependents. This paper discusses major tax provisions that support typical families under current law, the number of families that benefit from these provisions, and the degree to which they benefit from these provisions.¹

On December 22, 2017, President Trump signed Public Law 115-97, commonly referred to as the Tax Cuts and Jobs Act of 2017 (TCJA).² In addition to lowering corporate tax rates and changing the taxation of business income, the TCJA made substantial changes to tax provisions that support families. In brief, the TCJA increased the standard deduction for all family types and effectively eliminated the personal and dependent exemptions.³ The TCJA increased the maximum value of the child credit (CTC) and the additional child credit (ACTC), and it created a new credit for dependents who do not qualify for the child credit, the other dependent credit (ODTC). Many of these changes became effective after December 31, 2017, and expire after December 31, 2025. The TCJA did not directly affect the American opportunity tax credit (AOTC), the child and dependent care credit (CDCTC), or, with the exception of changes to the rules about indexing certain tax parameters for inflation, the earned income tax credit (EITC) and the lifetime learning credit (LLTC).

The paper begins in section 1 with a description of current law for the main provisions affecting families. Section 1 also includes a large set of tables showing estimates of the benefits to families from these provisions. Section 2 presents figures showing the stylized marginal tax rates, average tax rates, and the tax support for dependents under current law. Section 3

¹ This paper focuses exclusively on federal income tax benefits. Although state tax systems also offer support to families, the benefits from state provisions, including any interaction with federal benefits is not discussed.

² The title of the law is “An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.”

³ Technically, the value of the exemption is set to zero through 2025. The definitions used for determining whether a child or other dependent member of the household qualifies for key benefits remain in place.



concludes. A brief appendix with tables summarizing parameters and eligibility requirements for key provisions follows after the conclusion.

1. Description and Analysis of the Main Tax Provisions Supporting Families with Children and Other Dependents.

The main provisions that support families with children and other dependents are (1) the increased standard deduction and wider tax brackets allowed to unmarried individuals who file as a heads of household and (2) a set of targeted credits. This section describes these provisions and summarizes the benefits from each for families by the size of their adjusted gross income (AGI). Except where noted, parameters are indexed for inflation, and all estimated amounts are for Tax Year 2019.⁴ The estimates are produced by Treasury's Individual Tax Model (ITM), which takes a stratified random sample of tax returns from a base year, forecasts the values of line items on the tax returns for 2019, and applies a very detailed tax calculator to analyze how changes in the tax system affect tax liability. For any given provision, the amount of benefit shown in Tables 1-7 is calculated by comparing estimated tax liability to what estimated tax liability would have been in absence of the provision (but with the law otherwise unchanged). Because the TCJA is relatively new and many of its provisions sunset, differences from prior law are highlighted in the text and summarized in the appendix.

1.1 Head of household filing status

Unmarried taxpayers who maintain a home for a child or other dependent⁵ may be eligible to file as a head of household, instead of as a single filer.⁶ 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.⁷ These two provisions reduce a head of

⁴ Throughout this paper, taxpayers are considered to benefit from a provision (or set of provisions) if they pay at least five dollars less in taxes than they would have paid in absence of the provision (or set of provisions). Tax Year 2020 estimates (which would be consistent with the first year of the budget window) are available upon request.

⁵ To qualify as a dependent relative (or other individual), an individual must reside with the taxpayer and have income below \$4,250 (which would have been the dependent exemption amount in 2019 had it not been set to \$0 by the TCJA).

⁶ In certain cases, a married taxpayer with children may be considered unmarried for tax purposes. The taxpayer must live apart from his or her spouse for the last six months of the year, maintain the household where the children reside for more than half the year, and be able to claim the children as dependents.

⁷ See Appendix Table A1 for a summary of the rate brackets.



household filer's tax liability (before credits) compared to what it would be if the taxpayer filed as a single filer.

Table 1 shows the distribution of the benefit of head of household filing status by AGI.⁸ An estimated 22.9 million families will file head of household returns in 2019. Among these returns, an estimated 13.5 million families receive \$14.8 billion in benefits, with an average benefit of \$1,092.

The average value of head of household filing status rises with AGI across much of the income distribution.⁹ Among head of household filers who benefit from using this filing status, the average benefit is \$626 for families with AGI of \$50,000 or less, peaks at \$2,312 for families with AGI between \$75,000 and \$100,000, and is \$2,085 for families with AGI of \$100,000 or more. Nearly all (95%) of families using head of household status with income of \$30,000 or more benefit from this status. In contrast, only 25% of head of household families with incomes below \$30,000 benefit from filing this way.¹⁰ Seventy-six percent of head of household families (60% of families benefitting) have incomes of \$50,000 or less.

1.2 Child credit (CTC), additional child tax credit (ACTC) and the other dependent credit (ODTC)

Taxpayers may be eligible for a partially refundable CTC of \$2,000 for each dependent child under age 17 who has a social security number (SSN). In general, the CTC is non-refundable, but taxpayers with insufficient tax liability to claim the entire CTC may claim the refundable ACTC, which equals 15% of earned income in excess of \$2,500, up to the lesser of (1) the value of the unused portion of the child credit and (2) \$1,400 per child. Taxpayers may also be eligible for a non-refundable ODTC of up to \$500 for each qualifying dependent relative or child who is

⁸ In this analysis, the filing status of head of household filers is eliminated; tax liability is recalculated for all current head of household filers using the parameters for single filers.

⁹ At incomes in excess of \$100,000 the average benefit begins to decrease. Although all head of household filers may benefit from the wider brackets (see fn. 4), only those who take the standard deduction also benefit from the larger standard deduction. The higher AGI groups have progressively fewer taxpayers who take the standard deduction, and thus a smaller share of returns within group benefiting from both the effect of the wider brackets and the increased standard deduction.

¹⁰ One reason low income single-parent families may not benefit from the head of household status is the presence of relatively large amounts of non-refundable credits. For example, suppose a taxpayer has non-refundable credits totaling \$2,000 and has no refundable credits. Suppose also that the taxpayer has tax liability before credits of \$1,500 if the taxpayer files as a single and \$800 if the taxpayer files as a head of household. In both cases, the taxpayer's liability after non-refundable credits have been applied is \$0.



not eligible for the CTC. Thus, dependent children between the ages of 17 and 23 who have aged out of the CTC, younger children who do not have an SSN, and dependent relatives are all eligible for the ODTCT. The family's total CTC and ODTCT phase out beginning at \$200,000 of modified AGI (\$400,000 for married couples filing a joint return). The maximum ACTCT amount of \$1,400 is indexed for inflation so that, over time, it will increase.¹¹ Even with indexation the ACTCT may never exceed \$2,000. No other CTC, ODTCT or ACTCT parameters are indexed.

Table 2 shows the combined benefit from the CTC, ACTCT, and ODTCT. An estimated 49.5 million taxpayers receive \$121.1 billion in benefits, with an average benefit of \$2,448. Table 2A shows the distribution of benefits by AGI for the combined CTC and ACTCT. An estimated 39.4 million families receive \$88.1 billion in benefits from the combined CTC and ACTCT, with an average benefit of \$2,234. Table 2B separately shows the benefits from the refundable portion (the ACTCT). An estimated 22.0 million families receive \$38.2 billion in benefits from the ACTCT, with an average benefit of \$1,740. Fifty six percent of the total number of families benefitting from the child credit receives at least some of their total child credit as a refund, and 43% of the total benefits received are refunded.¹²

Table 2C shows the distribution of benefits by AGI for the ODTCT alone. An estimated 15.4 million taxpayers receive \$9.7 billion in benefits, with an average benefit of \$628. Table 2D shows the distribution of the benefits lost to families due to the provision under the TCJA that restricts the CTC and the ACTCT to children with SSNs. In 2019 an estimated 1.6 million families whose children do not have SSNs will pay an average of \$4.1 billion more in taxes—an average increase of \$2,526 relative to what they would have paid in absence of this new restriction.

The TCJA made the following changes to the CTC, ACTCT, and ODTCT for 2019. All comparisons are made against what the law would have been in 2019 absent the changes made by the TCJA.

¹¹ There was no increase in this parameter for 2019.

¹² Low-income taxpayers will not receive the full benefit from the CTC and ACTCT. For example, taxpayers with 1 child must have gross income of at least \$11,833 to receive the full \$1,400 of ACTCT. To receive the full \$2,000, a taxpayer must have gross income of at least \$30,395 if filing a joint return or \$24,345 if filing as a head of household. If the family also has child and dependent care expenses, the minimum incomes necessary to receive the full \$2,000 child credit would be about \$37,395 if filing a joint return and \$32,345 if filing as a head of household.



- Under the TCJA, the maximum CTC is \$2,000 in 2019, compared to \$1,000 under prior law.
- Under the TCJA, the maximum ACTC is \$1,400 in 2019, compared to \$1,000 under prior law.
- Under the TCJA, the maximum ACTC is indexed for inflation. It is not indexed for inflation under prior law.
- Under the TCJA, to qualify for the ACTC, the taxpayer must have \$2,500 of earnings in 2019, compared to \$3,000 under prior law.
- Under the TCJA, dependents with Individual Taxpayer Identification Numbers (ITINs) are not eligible for the CTC or the ACTC. They are eligible under prior law.
- Under the TCJA, personal and dependent exemptions have effectively been eliminated. They would have been worth \$4,250 in 2019 under prior law. The TCJA created the \$500 non-refundable ODTTC, which largely replaces the tax benefits lost from the effective elimination of dependent exemptions.
- Under the TCJA, the family's total CTC and ODTTC is phased out beginning at \$200,000 (\$400,000 in the case of a joint return). Under prior law, the CTC phased out beginning at \$75,000 (\$110,000 in the case of a joint return).

These provisions of the TCJA sunset at the end of 2025, after which these provisions revert to prior law.

1.3 Earned income tax credit (EITC)

Taxpayers 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 increases further. The credit phases out based on the greater of (1) earned income and (2) AGI.

The credit begins to phase out at a higher income level for married taxpayers. The intention of this is to counteract work disincentives faced by the secondary earner. This benefit is known as EITC marriage penalty relief.

The major parameters of the EITC are indexed for inflation.



The credit is more generous for families with more children.^{13,14} Taking the one-child case as an example, in 2019, the credit phases in at a rate of 34% of income up to \$10,370, yielding a maximum credit of \$3,526. Beginning at \$19,030 of income (\$24,820 for joint filers), the credit begins phasing down at a rate of 15.98%, phasing out completely at incomes over \$41,094 (\$46,884 for joint filers). In 2019, the maximum EITC for taxpayers without children is \$529, while the maximum EITC for taxpayers with 3 or more children is \$6,557.

Children may qualify the taxpayer for the EITC even if the children are self-supporting so long as the other qualifying child requirements (relationship of the children to the taxpayer, how long and with whom the children reside during the year, age of the children, and whether the children have an SSN) are met. In general, a qualifying child must be under 19 years of age. However, the age limit is extended to under 24 for full-time students¹⁵ and eliminated for children who are permanently and totally disabled.

Table 3 shows the distribution of the EITC by AGI. An estimated 27.9 million families receive \$69.6 billion in benefits, with an average benefit of \$2,493. Table 3A shows the benefit to married couples from EITC marriage penalty relief. An estimated 4.5 million families receive \$3.7 billion in benefits, with an average benefit of \$824. Table 3B shows the benefit to families from the EITC for qualifying children who are over age 18. An estimated 3.3 million families receive \$7.3 billion in benefits, with an average benefit of \$2,211.

The EITC is substantially more generous to families with children. Tables 3C and 3D show the benefit to families from the EITC separately for families with qualifying children and without qualifying children, respectively. An estimated 20.6 million families receive \$67.3 billion in EITC benefits, with an average benefit of \$3,276. In contrast, an estimated 7.3 million families and individuals without qualifying children receive \$2.3 billion in EITC benefits, with an average benefit of \$308.

¹³ There are four different EITC schedules, for those with zero, one, two, and three or more qualifying children.

¹⁴ Married taxpayers must file jointly in order to claim the EITC; married couples filing separately are not eligible for this credit.

¹⁵ 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 in certain farm-related programs. Full-time is defined by each educational organization. In general, it corresponds to at least 12 credit hours or their equivalent.



The TCJA made the following changes to the EITC for 2019. All comparisons are made against what the law would have been in 2019 absent the changes made by the TCJA.

- The EITC is now indexed by the chained CPI, which results in a slightly smaller annual increase than would have occurred under prior law. This change is permanent.

1.4 Child and dependent care credit (CDCTC)

Taxpayers with expenses for caring for a qualifying individual, which may be a child or an adult, may be eligible for the 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.¹⁶

The maximum credit is for 35% of up to \$3,000 of child care expenses in the case of 1 child and expenses of up to \$6,000 in the case of 2 or more children. The credit rate phases down beginning at incomes of \$15,000 until the rate reaches 20% at incomes above \$43,000. The CDCTC parameters are not indexed for inflation.

Table 4 shows the distribution of this credit by AGI.¹⁷ An estimated 5.9 million families receive \$3.2 billion in benefits, with an average benefit of \$551.¹⁸

The CDCTC is unchanged by TCJA. Because the CDCTC is non-refundable, to the extent that low- to moderate-income families face a lower tax liability before credits because of the increase in the standard deduction and reduced tax rates from the TCJA, they will receive less CDCTC.

1.5 Education Credits: American opportunity 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 or the non-refundable LLTC. In any given

¹⁶ Special rules apply to allow married couples to claim the credit if the spouse is a full-time student.

¹⁷ Table 4 includes a small number of families who have expenses for the care of disabled dependents other than their young children.

¹⁸ A second child and dependent care benefit is available to families whose employer offers a Section 125 flexible spending account (FSA). Participating taxpayers may exclude from income (for both income and payroll tax purposes) up to \$5,000 of eligible expenses per return paid through the account. In 2019, an estimated 1.5 million families excluded \$5.4 billion from income through a dependent care FSA.



year, a taxpayer may only claim one of these credits for each student in the family for whom there are education expenses.¹⁹

To be eligible for the AOTC, the student must attend a post-secondary school at least half-time (and be enrolled in a degree or certificate program). For the AOTC, taxpayers may claim 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000 of expenses. Forty percent of the otherwise-allowable credit is refundable. Thus, taxpayers may claim an AOTC of up to \$2,500 per student, up to \$1,000 of which is refundable. The credit phases out beginning at \$80,000 of modified AGI (\$160,000 for joint filers) and is available for up to 4 years. None of the parameters of the AOTC, including the phase-out thresholds, is adjusted for inflation.

Taxpayers may also claim a LLTC for 20% of up to \$10,000 of tuition and required fees per return per year. The LLTC is available to part-time students. The credit phases out beginning at \$58,000 of modified AGI (\$116,000 for joint filers), and there is no limit on the number of years that a student is eligible for the LLTC. Only the phase-out thresholds for the LLTC are indexed for inflation.

Table 5 shows the distribution of benefits from the combined AOTC and LLTC by AGI.²⁰ An estimated 12.9 million families receive \$20.3 billion in benefits, with an average benefit of \$1,576. Table 5A shows that an estimated 3.1 million families receive \$2.6 billion in benefits from the LLTC, with an average benefit of \$831. Table 5B shows that an estimated 9.9 million families receive \$12.4 billion in benefits from the AOTC, with an average benefit of \$1,243. Table 5C shows that of these 9.9 million families, 6.1 million receive \$5.8 billion in benefits in excess of their tax liability. The average benefit for this refundable portion of the AOTC was \$941.²¹ In absence of the AOTC, some families currently benefitting from this credit would switch to claiming the LLTC. The amount the benefit from the AOTC is thus the amount they receive in excess of the available benefit from the LLTC.²² As a result, the amounts shown in Table 5 are less than the sum of the amounts in Tables 5B and 5C.

¹⁹ In years prior to 2018, taxpayers may also have chosen to claim a tuition deduction instead of a tuition credit. Because this benefit has expired, it is not included in the analysis.

²⁰ Table 5 includes families with qualifying education expenses for themselves as well as for their children.

²¹ The AOTC is partially refundable. Table 5C estimates the number of families that would be affected if the entire AOTC were converted into a non-refundable credit. Families with sufficient tax liability to claim the full credit would not be affected.

²² No taxpayer eligible for both should prefer the LLTC to the AOTC.



The TCJA made the following changes to the AOTC and the LLTC for 2019. All comparisons are made against what the law would have been in 2019 absent the changes made by the TCJA.

- The TCJA changed permanently how the phase-out thresholds of the LLTC are indexed by switching to the chained CPI. This results in a slightly smaller annual increase than would have occurred under prior law. The credits are otherwise unchanged. However, because the AOTC is partially refundable and the LLTC is non-refundable, to the extent that low- to moderate-income families face a lower tax liability before credits because of the increase in the standard deduction and reduced tax rates from the TCJA, they will receive less AOTC and LLTC.

1.6 Summary Tables

The tables presented so far in this section show the tax benefit from the main family-related provisions, taken one at a time. Table 6 shows the total number of families who benefit from at least one of the seven credits discussed.²³ An estimated 64.1 million families receive \$215.9 billion in benefit, with an average benefit from the credits of \$3,366. Families with AGI of \$50,000 or below receive an average benefit of \$3,468, and families earning more than \$500,000 (above the phase-out range for most credits) receive an average benefit of \$658.

Table 7 summarizes the information presented in Tables 1 through 6, with additional focus on the key features of the major provisions. For example, the benefit from EITC marriage penalty relief (row 3A) and the loosening of the age requirement for students and the disabled (row 3B) are shown separately from total EITC (row 3).

Table 8 presents the estimated number of credits claimed and the amounts claimed for the main family-related provisions. In some cases, the number of families benefiting (or the amount of benefit received) is smaller than the number of claimants (or the amount claimed) for a particular provision. This difference occurs in cases where some families would have chosen an alternate credit if the one under consideration were repealed. For example, in absence of the CTC, nearly

²³ The benefit of head of household status and the exclusion for child and dependent care are not considered in Tables 6 through 8.



all current claimants would switch to the ODTF. At most, taxpayers would see their taxes increase by \$1,500 and not the full \$2,000 per child.²⁴

2. Marginal and Average Tax Rates and Tax Support for Families with Children

To understand better how the provisions of the tax code collectively affect families of different sizes and incomes, this section presents estimates of (1) the average income tax rate (tax liability after credits divided by AGI), (2) a stylized marginal tax rate, and, for families with children, (3) the tax benefits provided to the family because of the presence of the children. The figures contained in this section are illustrative and do not account for specific circumstances of any actual family. The estimates are based on the tax law for 2019.

In order to produce these figures, a number of simplifying assumptions about the families are made. First, all income comes from wages, and families are only eligible for the benefits listed in section 1. Second, 15% of family income is spent on items that qualify for an itemized deduction.²⁵ Examples of such items include mortgage interest expenses, state and local income and property tax payments, and charitable contributions. Third, taxpayers choose to itemize their deductions or claim the standard deduction in order to minimize their tax liability.

The second and third assumptions have an important implication when trying to interpret the figures that follow. The lines labeled “marginal tax rate” are calculated as follows. At each AGI level, the taxpayer is given an extra \$1,000 of wages.²⁶ The second assumption implies the taxpayer therefore has an additional \$150 of itemizable expenses. The taxpayer, by the third assumption, re-determines whether to itemize deductions or claim the standard deduction. Taxable income—in this case wages less either the standard deduction or itemized deductions—is then recalculated, and the relevant tax rates and credits are applied to determine the tax

²⁴ The number of credits claimed and the amount claimed shown in Table 8 also differ from the number of families benefiting shown in Tables 1 through 7 because the latter do not include dependent filers and ignore changes in tax of less than \$5.

²⁵ To reflect the \$10,000 cap on state and local tax deductions under TCJA, the previous Treasury assumption of 18% has been decreased to 15%.

²⁶ Stylized marginal tax rates are calculated based on thousand dollar earnings increments, except in Figure 1 which (without loss of comparability) uses hundred dollar increments in order to conform to the lower income scale on the horizontal axis.



liability.²⁷ The difference in liability is divided by the \$1,000 change in income to get a stylized marginal tax rate.

Figure 1 presents the stylized marginal tax rate and average tax rate faced by a single filer. The stylized marginal tax rate deviates from the statutory marginal rate schedule due to the EITC at low income levels and the switch to itemization at higher income levels. The EITC decreases the stylized marginal tax rate as the credit phases in and increases it as the credit phases out.

Figure 2 presents on the left axis the stylized marginal tax rate and average income tax rate faced by a married filer with one dependent child but no child care expenses. The figure presents on the right axis the amount of tax support the family receives as a result of the child. The stylized marginal tax rate is large and negative as the EITC and ACTC phase in and is large and positive as the EITC phases out. If this figure were continued on for higher income families, there would be a temporary increase in the stylized marginal tax rate as the CTC begins to phase out at \$400,000.

Figure 2A presents the same information but focuses on families with low and modest incomes who are not able to claim the full child credit. This figure decomposes the total tax support for the child into the contribution of the CTC (green), the ACTC (gray), and the EITC (blue).²⁸ Families with the lowest incomes will receive less than the full value of the CTC due to insufficient income, and the benefit to families with slightly more income is constrained by the \$1,400 limit on the credit's refundability.

Figure 3 replicates Figure 2 for a head of household filer with one dependent child but no childcare expenses. The stylized marginal tax rate shares all of the key features seen in Figure 2, but with a less generous underlying statutory marginal rate schedule and credits that phase out at lower income levels. The amount of tax support for this family type includes the added element that the child creates eligibility for head of household status—and thus a more generous rate

²⁷ For taxpayers who claim the standard deduction, taxable income increases by the \$1,000 increase in wages. The second assumption implies that, for taxpayers who itemize their deductions, taxable income increases by \$850—the \$1,000 increase in wages less 15%, or \$150, for the commensurate increase in itemizable expenses. This implies that once a taxpayer begins to itemize deductions (and ignoring phase-outs of any credits), the stylized marginal tax rate is equal to the statutory marginal rate reduced by 15%.

²⁸ The tax support for a child due to the EITC is the value of the EITC for a family with one child less the value of the EITC to that family in absence of that child. This effect is most visible at the lowest income, where the EITC for workers without children is also phasing in.



schedule than applies to other unmarried taxpayers. The portion of the tax support due to the difference in schedules is shown in a lighter shade than the portion due to the remaining child-related provisions.

Figure 4 presents the stylized marginal tax rate and average tax rate faced by a married couple with a dependent student who is assumed to have sufficient education expenses to qualify for the maximum amount of the AOTC. The figure also presents the amount of tax support the filer receives as a result of the student. Key differences between this figure and Figure 2 are the large initial benefit from the refundable portion of the AOTC, which affects tax support but not stylized marginal rates; eligibility for the ODTC instead of the CTC and ACTC; and high stylized marginal tax rates as the AOTC phases out.

Figure 5 presents the stylized marginal tax rate and average tax rate faced by a joint filer with one dependent child and sufficient child care expenses to qualify for the maximum CDCTC. The figure also presents the amount of tax support the filer receives as a result of the child. Key differences between this figure and Figure 2 are the higher marginal rates for taxpayers earning modest incomes as the CDCTC phases down and the additional benefit from this credit for taxpayers at all but the lowest levels of income.

3. Conclusion

This paper has presented an overview of the main tax provisions that provide tax support to typical American families with children and other dependents under current tax law. The benefit to families from each of the provisions (and sometimes select features of a provision) are presented by the taxpayer's AGI. Estimated counts and dollar amounts of claims for the provisions (and sometimes select features of a provision) are presented for all taxpayers. Finally, select stylized marginal tax rates and average tax rates that illustrate key figures of the main tax benefits to families are presented.



Tax Support for Families under Current Law
Tables and Figures
2019 Law



Tables and Figures

Section 1: Description and Analysis of the Main Tax Provisions Supporting Families with Children and Other Dependents.

The following tables describe the benefit of each of the main provisions affecting families, by AGI under the TCJA for 2018. An additional table shows the estimated number of claimants for each provision.

Table 1. Estimated Benefit from Head of Household Filing Status

Table 2. Estimated Benefit from the Child Credit (CTC), Additional Child Credit (ACTC) and Other Dependent Credit (ODTC)

Table 2A. Estimated Benefit from the CTC and ACTC

Table 2B. Estimated Benefit from the ACTC

Table 2C. Estimated Benefit from the ODTC

Table 2D. Estimated Tax Increases from the CTC/ACTC Social Security Number Requirement

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

Table 3A. Estimated Benefit from the EITC Marriage Penalty Relief

Table 3B. Estimated Benefit from the EITC for Students and Disabled Children

Table 3C. Estimated Benefit from the EITC for Families with Children

Table 3D. Estimated Benefit from the EITC for Families and Individuals without Children

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

Table 5. Estimated Benefit from the Education Credits: American Opportunity Credit (AOTC) and Lifetime Learning Credit (LLTC)

Table 5A. Estimated Benefit from the LLTC

Table 5B. Estimated Benefit from the AOTC

Table 5C. Estimated Benefit from the Refundability of the AOTC

Table 6. Estimated Benefit from All Credits in Tables 2-5

Table 7. Summary Table of Estimated Benefits

Table 8. Number of Claims and Total Amounts Claimed for the Main Family Provisions

Table A1. Tax Rates and Tax Brackets under Current Law

Table A2. Summary of Eligibility Requirements for CTC, ACTC, ODTC, and EITC.



Section 2. Stylized Marginal and Average Tax Rates and Tax Support for Families with Children

Marginal and average tax rates vary greatly as income increases due to the interaction of the tax schedules and the family credits. These figures show the “skylines” and the tax support for a child for a set of typical family types.

Figure 1. Stylized Marginal and Average Tax for Single Filer with No Dependent Children or Dependents

Figure 2. Stylized Marginal and Average Tax for a Joint Filer with One Dependent Child under 17

Figure 2A. A Focus on Low Income Families: Joint Filer with One Dependent Child under 17

Figure 3. Stylized Marginal and Average Tax for a Head of Household Filer with One Dependent Child under 17

Figure 4. Stylized Marginal and Average Tax for a Joint Filer with One Dependent Child in College

Figure 5. Stylized Marginal and Average Tax for a Joint Filer with One Dependent Child under 13 and Qualified Expenses for the CDCTC



Table 1
Estimated Benefit from
Head of Household (HoH) Filing Status

Tax Year 2019

Adjusted Gross Income	Families Filing HoH (Thousands)	Families Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	4,249	26	3	111
15,000 <= 30,000	7,501	2,892	1,253	433
30,000 <= 40,000	3,441	3,041	2,182	718
40,000 <= 50,000	2,281	2,203	1,674	760
50,000 <= 60,000	1,546	1,519	1,520	1,001
60,000 <= 75,000	1,389	1,380	2,721	1,972
75,000 <= 100,000	1,242	1,240	2,868	2,312
100,000 <= 200,000	1,012	1,010	2,139	2,118
200,000 <= 500,000	173	170	326	1,914
500,000 <= 1000,000	26	26	52	2,025
1,000,000 <= 5,000,000	12	12	22	1,935
5,000,000 < *****	1	1	2	1,824
Total¹	22,929	13,521	14,763	1,092

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Feb 08, 2019

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 Credit (ODTC)
Tax Year 2019

Adjusted Gross Income	Families Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	4,981	5,570	1,118
15,000 <= 30,000	10,098	19,712	1,952
30,000 <= 40,000	5,254	13,051	2,484
40,000 <= 50,000	4,146	11,389	2,747
50,000 <= 60,000	3,319	9,112	2,745
60,000 <= 75,000	3,859	10,869	2,817
75,000 <= 100,000	5,066	14,424	2,847
100,000 <= 200,000	9,344	27,278	2,919
200,000 <= 500,000	3,303	9,507	2,878
500,000 <= 1,000,000	11	11	1,034
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	49,449	121,061	2,448

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Feb 08, 2019

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)

Tax Year 2019

Adjusted Gross Income	Families Benefiting² (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	4,892	5,513	1,127
15,000 <= 30,000	8,657	16,927	1,955
30,000 <= 40,000	4,037	9,248	2,291
40,000 <= 50,000	3,139	7,779	2,478
50,000 <= 60,000	2,463	6,144	2,494
60,000 <= 75,000	2,868	7,368	2,569
75,000 <= 100,000	3,816	9,831	2,576
100,000 <= 200,000	6,986	18,609	2,664
200,000 <= 500,000	2,497	6,543	2,620
500,000 <= 1,000,000	11	11	1,034
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	39,434	88,107	2,234

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Feb 08, 2019

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.

² SSN Requirement remains in place.



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

Tax Year 2019

Adjusted Gross Income	Families Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	4,890	5,508	1,126
15,000 <= 30,000	8,647	16,470	1,905
30,000 <= 40,000	3,758	7,274	1,936
40,000 <= 50,000	2,138	4,511	2,109
50,000 <= 60,000	1,217	2,237	1,839
60,000 <= 75,000	820	1,439	1,755
75,000 <= 100,000	342	495	1,448
100,000 <= 200,000	79	141	1,778
200,000 <= 500,000	4	9	2,321
500,000 <= 1,000,000	0	0	605
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	21,962	38,215	1,740

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Feb 08, 2019

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

Tax Year 2019

Adjusted Gross Income	Families Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	82	11	140
15,000 <= 30,000	1,645	734	446
30,000 <= 40,000	1,795	1,161	647
40,000 <= 50,000	1,613	1,073	665
50,000 <= 60,000	1,386	934	674
60,000 <= 75,000	1,606	1,047	652
75,000 <= 100,000	2,063	1,325	642
100,000 <= 200,000	3,841	2,470	643
200,000 <= 500,000	1,373	925	674
500,000 <= 1,000,000	2	0	81
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	15,405	9,681	628

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Feb 08, 2019

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)

Tax Year 2019

Adjusted Gross Income	Families Benefiting² (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	12,052	20,288	1,683
15,000 <= 30,000	9,569	38,303	4,003
30,000 <= 40,000	4,064	8,601	2,117
40,000 <= 50,000	1,850	2,166	1,171
50,000 <= 60,000	272	125	459
60,000 <= 75,000	0	0	0
75,000 <= 100,000	0	0	0
100,000 <= 200,000	0	0	0
200000 <= 500000	0	0	0
500000 <= 1000000	0	0	0
1000000 <= 5000000	0	0	0
5000000 < *****	0	0	0
Total¹	27,920	69,595	2,493

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Feb 11, 2019

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.

² In 2019, the phase-out range of the EITC for joint filers begins at incomes \$5,790 higher than for other filers (\$5,800 for joint filers without children).



Table 3A
Estimated Benefit from
EITC Marriage Penalty Relief

Tax Year 2019

Adjusted Gross Income	Families Benefiting² (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	337	107	317
15,000 <= 30,000	1,614	1,152	714
30,000 <= 40,000	1,178	1,289	1,094
40,000 <= 50,000	1,084	1,027	948
50,000 <= 60,000	271	125	461
60,000 <= 75,000	0	0	0
75,000 <= 100,000	0	0	0
100,000 <= 200,000	0	0	0
200,000 <= 500,000	0	0	0
500,000 <= 1,000,000	0	0	0
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	4,497	3,707	824

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Feb 11, 2019

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.

² In 2019, the phase-out range of the EITC for joint filers begins at incomes \$5,790 higher than for other filers (\$5,800 for joint filers without children).



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)
Tax Year 2019

Adjusted Gross Income	Families Benefiting^{2,3} (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	703	1,748	2,487
15,000 <= 30,000	1,415	4,015	2,837
30,000 <= 40,000	810	1,247	1,539
40,000 <= 50,000	332	279	839
50,000 <= 60,000	47	19	412
60,000 <= 75,000	0	0	0
75,000 <= 100,000	0	0	0
100,000 <= 200,000	0	0	0
200,000 <= 500,000	0	0	0
5,00000 <= 1,000,000	0	0	0
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	3,313	7,326	2,211

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Feb 11, 2019

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.

² In 2019, the phase-out range of the EITC for joint filers begins at incomes \$5,790 higher than for other filers (\$5,800 for joint filers without children).

³ 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. 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.



Table 3C
Estimated Benefit from
Earned Income Tax Credit (EITC) for Families with Children

Tax Year 2019

Adjusted Gross Income	Families Benefiting^{2,3} (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	5,341	18,124	3,393
15,000 <= 30,000	8,998	38,220	4,248
30,000 <= 40,000	4,064	8,601	2,117
40,000 <= 50,000	1,850	2,166	1,171
50,000 <= 60,000	272	125	459
60,000 <= 75,000	0	0	0
75,000 <= 100,000	0	0	0
100,000 <= 200,000	0	0	0
200,000 <= 500,000	0	0	0
500,000 <= 1,000,000	0	0	0
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	20,555	67,329	3,276

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Feb 11, 2019

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.

² In 2019, the phase-out range of the EITC for joint filers begins at incomes \$5,790 higher than for other filers (\$5,800 for joint filers without children).

³ 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. 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.



Table 3D
Estimated Benefit from
Earned Income Tax Credit (EITC) for Adults without Children

Tax Year 2019

Adjusted Gross Income	Families Benefiting^{2,3} (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	6,711	2,163	322
15,000 <= 30,000	571	82	144
30,000 <= 40,000	0	0	0
40,000 <= 50,000	0	0	0
50,000 <= 60,000	0	0	0
60,000 <= 75,000	0	0	0
75,000 <= 100,000	0	0	0
100,000 <= 200,000	0	0	0
200,000 <= 500,000	0	0	0
500,000 <= 1,000,000	0	0	0
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	7,365	2,265	308

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Feb 11, 2019

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.

² In 2019, the phase-out range of the EITC for joint filers begins at incomes \$5,790 higher than for other filers (\$5,800 for joint filers without children).

³ 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. 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.



Table 4
Estimated Benefit from
Child and Dependent Care Tax Credit

Tax Year 2019			
Adjusted Gross Income	Families Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	1	1	1,000
15,000 <= 30,000	203	66	323
30,000 <= 40,000	560	261	466
40,000 <= 50,000	529	282	532
50,000 <= 60,000	441	251	568
60,000 <= 75,000	541	294	544
75,000 <= 100,000	848	481	568
100,000 <= 200,000	1,900	1,118	588
200,000 <= 500,000	750	423	564
500,000 <= 1,000,000	88	52	593
1,000,000 <= 5,000,000	22	14	641
5,000,000 < *****	1	1	688
Total ¹	5,886	3,244	551

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Feb 11, 2019

Run: 88553_2019

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 Credit (AOTC) and Lifetime Learning Credit (LLTC)

Tax Year 2019

Adjusted Gross Income	Families Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	2,314	2,192	947
15,000 <= 30,000	3,018	3,812	1,263
30,000 <= 40,000	1,434	2,198	1,533
40,000 <= 50,000	1,181	2,137	1,809
50,000 <= 60,000	849	1,599	1,883
60,000 <= 75,000	918	1,833	1,997
75,000 <= 100,000	1,160	2,371	2,043
100,000 <= 200,000	1,997	4,164	2,085
200,000 <= 500,000	0	0	0
500,000 <= 1,000,000	0	0	0
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	12,912	20,349	1,576

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Feb 14, 2019

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 5A
Estimated Benefit from
Lifetime Learning Credit

Tax Year 2019

Adjusted Gross Income	Families Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	136	17	127
15,000 <= 30,000	645	417	646
30,000 <= 40,000	443	388	877
40,000 <= 50,000	406	407	1,003
50,000 <= 60,000	330	328	996
60,000 <= 75,000	316	253	800
75,000 <= 100,000	374	393	1,051
100,000 <= 200,000	494	409	829
200,000 <= 500,000	0	0	0
500,000 <= 1,000,000	0	0	0
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	3,144	2,613	831

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Feb 14, 2019

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 5B
Estimated Benefit from
American Opportunity Tax Credit

Tax Year 2019

Adjusted Gross Income	Families Benefiting² (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	2,179	2,133	979
15,000 <= 30,000	2,372	2,475	1,043
30,000 <= 40,000	994	1,100	1,106
40,000 <= 50,000	784	893	1,139
50,000 <= 60,000	542	643	1,186
60,000 <= 75,000	637	1,003	1,575
75,000 <= 100,000	833	1,124	1,348
100,000 <= 200,000	1,565	2,948	1,884
200,000 <= 500,000	0	0	0
500,000 <= 1,000,000	0	0	0
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	9,944	12,360	1,243

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Feb 14, 2019

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.

² In absence of the AOTC, some taxpayers would claim the LLTC instead.



Table 5C
Estimated Benefit from
American Opportunity Tax Credit Refundability

Tax Year 2019

Adjusted Gross Income	Families Benefiting² (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	2,178	2,132	978
15,000 <= 30,000	2,298	2,211	962
30,000 <= 40,000	757	641	848
40,000 <= 50,000	511	434	850
50,000 <= 60,000	208	192	923
60,000 <= 75,000	103	84	811
75,000 <= 100,000	44	41	949
100,000 <= 200,000	11	11	1,057
200,000 <= 500,000	0	0	0
500,000 <= 1,000,000	0	0	0
1,000,000 <= 5,000,000	0	0	0
5,000,000 < *****	0	0	0
Total¹	6,147	5,787	941

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Feb 14, 2019

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.

² Even though all 9.9 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 6.1 million families benefiting from refundability.



Table 6
Estimated Benefit from All Family Credits
Earned Income Credit (EITC), Child Credit (CTC), Additional Child Credit (ACTC)
Other Dependent Credit (ODTC), Child and Dependent Care Credit (CDCTC),
Lifetime Learning Credit (LLTC), and American Opportunity Credit (AOTC)
Tax Year 2019

Adjusted Gross Income	Families Benefiting (Thousands)	Total Benefit (\$Millions)	Average Benefit (\$)
0 <= 15,000	13,650	28,068	2,056
15,000 <= 30,000	13,210	62,466	4,729
30,000 <= 40,000	6,221	24,703	3,971
40,000 <= 50,000	4,728	16,246	3,436
50,000 <= 60,000	3,661	11,195	3,058
60,000 <= 75,000	4,129	13,026	3,155
75,000 <= 100,000	5,287	17,284	3,269
100,000 <= 200,000	9,611	32,564	3,388
200,000 <= 500,000	3,330	9,931	2,982
500,000 <= 1,000,000	96	64	661
1,000,000 <= 5,000,000	22	14	641
5,000,000 < *****	1	1	688
Total¹	64,135	215,852	3,366

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Feb 14, 2019

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 7
Summary of Tax Support for Families from Main Family-Related Tax Provisions
Tax Year 2019

Counts and Amounts of Families who benefit from ...¹		Total Families² (millions)	Total Value (\$billions)	Average Benefit (\$)
1	Head of Household Filing Status	13.5	14.8	1,092
2	Child Credit (CTC) and Additional Child Tax Credit (ACTC) and Other Dependent Credit (ODTC)	49.4	121.1	2,448
2A	Child Tax Credit and Additional Child Tax Credit	39.4	88.1	2,234
2B	Additional Child Tax Credit (ACTC) (make ACTC nonrefundable)	22.0	38.2	1,740
2C	Other Dependent Credit	15.4	9.7	628
3	Earned Income Tax Credit (EITC)	27.9	69.6	2,493
3A	EITC Marriage Penalty Relief ³	4.5	3.7	824
3B	EITC Students and Disabled (repeal EITC for qualifying children >18)	3.3	7.3	2,211
3C	EITC for Families with Children	20.6	67.3	3.3
3D	EITC for Families with No Children	7.4	2.3	0.3
4	Child and Dependent Care Tax Credit	5.9	3.2	551
5	Education Credits (AOTC and LLTC)	12.9	20.3	1,576
5A	Lifetime Learning Credit (LLTC)	3.1	2.6	831
5B	American Opportunity Tax Credit (AOTC)	9.9	12.4	1,243
5C	Refundability of AOTC ⁴ (make AOTC nonrefundable)	6.1	5.8	941
6	All Major Family and Education Credits ⁵	64.1	215.9	3,366

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February 14, 2019

¹ The tax benefits included in this table are the earned income tax credit (EITC), the child 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 credit (LLTC) and the other dependent 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 2018, the phaseout range of the EITC for joint filers begins at incomes \$5,790 higher than for other filers (\$5,800 for joint filers without children).

⁴ Even though all 9.9 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 6.1 million families benefiting from refundability.

⁵ The tax benefits included in Line 6 are the seven credits listed in fn 1.



Table 8
Number of Families Claiming and Amounts Claimed for Key Family Credits¹

Tax Year 2019			
Tax Credit (numbers correspond to Tables 2-6)	Number of Families (Millions)	Amount Claimed (\$Billions)	Average Claimed (\$)
2. Total CTC, ACTC and ODTC	50.0	121.7	2,435
2A. Total CTC + ACTC	39.5	110.9	2,807
• CTC	30.0	72.7	2,423
2B. ACTC	22.0	38.2	1,738
2C. ODTC	17.2	10.8	626
3. Total EITC	28.0	69.6	2,488
3C. EITC for workers with children	20.6	67.3	3,275
3D. EITC for workers without children	7.4	2.3	305
4. Total CDCTC	6.7	3.9	580
5. Total Education Credits	13.1	21.1	1,611
5A. LLTC	3.3	2.8	841
5B. Total AOTC ²	9.9	18.2	1,835
• AOTC nonrefundable portion	7.3	8.6	1,166
5C. AOTC refundable portion	9.9	9.7	974
6. Total EITC, CTC, ACTC & ODTC, CDCTC, & Educ. Credits	64.3	216.2	3,363

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February 14, 2018

¹The tax benefits included in this table are the earned income tax credit (EITC), the child credit (CTC), the additional child tax credit (ACTC), the other dependent credit (ODTC), the child and dependent care tax credit (CDCTC), the American opportunity tax credit (ACTC) and the lifetime learning credit (LLTC). Head of Household filing status is not included. The line numbers correspond to Tables 1-7. Lines that are not numbered (but begin with a bullet) do not correspond to an earlier table.

²The AOTC is calculated in two pieces: 40% of the otherwise allowable AOTC is refundable and the remaining 60% is not refundable. Thus, all families claiming an AOTC receive the refundable portion of the AOTC but only those families with tax liability to offset are able to claim all or part of the nonrefundable portion of the AOTC. Of the 9.9 million families claiming an AOTC, 6.1 million would receive a smaller credit, or none at all, if the AOTC were not refundable.



Table A1
Tax Rates, and Tax Brackets, and Standard Deduction (SD) under Current Law
for Single, Head of Household and Joint Filers

Tax Year 2019

Marginal Tax Rate	Filing Status					
	Single Filer (SD = \$12,200)		Head of Household Filer (SD = \$18,300)		Married Filer (SD = \$24,400)	
	Taxable Income Over... (\$)	Tax at Beginning of Bracket (\$)	Taxable Income Over... (\$)	Tax at Beginning of Bracket (\$)	Taxable Income Over... (\$)	Tax at Beginning of Bracket (\$)
10%	0	0	0	0	0	0
12%	9,700	970	13,850	1,385	19,400	1,940
22%	39,475	4,543	52,850	6,065	78,950	9,086
24%	84,200	14,383	84,200	12,962	168,400	28,765
32%	160,725	32,749	160,700	31,322	321,450	65,497
35%	204,100	46,629	204,100	45,210	408,200	93,257
37%	510,300	153,799	510,300	152,380	612,350	164,710

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November 15, 2018



Table A2
Eligibility Rules for Dependent Status, Child Credit, Additional Child Tax Credit, the Other Dependent Credit
and the Earned Income Tax Credit
2019 Parameter Values

	Eligibility Criteria for Dependent Child (QDC) and Dependent Relative (QDR) (\$ 151-152)		Child Tax Credit Additional Child Tax Credit (CTC, ACTC - § 24)	Other Dependent Tax Credit (ODTC - § 24)	Earned Income Tax Credit (EITC - § 32)
Definition of Benefit/Criteria	Main eligibility criteria for certain other benefits, including the child credit and credit for other dependents (other restrictions will apply).		\$2,000 nonrefundable credit per child. Refundable to the extent that 15% of earnings in excess of \$2,500 exceeds lesser of otherwise allowable credit limited by tax liability or \$1,400.	\$500 nonrefundable credit per dependent.	Refundable credit of up to \$6,557 based on number of children and filing status. Phases in with earnings and phases out on greater of earnings and AGI.
Income Criteria	No income criteria		Sum of CTC and ODTC phase out sequentially with AGI in excess of \$200,000 (\$400,000).	Sum of CTC and ODTC phase out with AGI in excess of \$200,000 (\$400,000 joint).	Taxpayer may not have more than \$3,600 in unearned income. Phaseout begins at \$19,030 (\$24,820 joint).
Definition Qualifying Individual	In general, a QDC/QDR must meet age, residency, relationship, and support criteria. (See following rows for differences and details).		Generally, the same as definition of a QDC (differences noted below).	Generally, the same as definition of a QDR (differences below). Also all QDC who do not meet CTC requirements.	Generally, the same as definition of a QDC (differences noted below).
Age	<ul style="list-style-type: none"> QDC: Under 19 or under 24 if full-time student. Any age if permanently and totally disabled. 	QDR: No age requirement.	Under 17. No exception for the disabled.	No age requirement.	Under 19, under 24 if full-time student, or any age if permanently and totally disabled.
Residency	QDC must reside with taxpayer for more than half the year.	QDR must reside with taxpayer for more than half the year. (Dependent parents need not live with the taxpayer.)	Must reside with taxpayer for more than half the year. Non-citizens must reside with taxpayer in US.	Must reside with taxpayer for more than half the year. Non-citizens must reside with taxpayer in US.	Must reside with taxpayer for more than half the year in the US.
Relationship	QDC must be the taxpayer's son or daughter, grandchild, younger sibling, niece/nephew, or foster child.	QDR may be any relative or other individual living as a member of the household.	Same as QDC.	Same as QDC or QDR, depending on qualifying status of dependent.	Same as QDC.
Support	<ul style="list-style-type: none"> QDC cannot provide over half of own support. No income limitation. 	<ul style="list-style-type: none"> QDR cannot provide over half of own support. Gross income must be below \$4,250. 	Same as QDC.	Same as QDC or QDR, depending on qualifying status of dependent. ¹	No support test.

continued on next page



Table A2, Continued
Eligibility Rules for Dependent Status, Child Credit, Additional Child Tax Credit, the Other Dependent Credit
and the Earned Income Tax Credit
2019 Parameter Values

	Eligibility Criteria for Dependent Child (QDC) and Dependent Relative (QDR) (§ 151-152)		Child Tax Credit Additional Child Tax Credit (CTC, ACTC - § 24)	Other Dependent Tax Credit (ODTC - § 24)	Earned Income Tax Credit (EITC - § 32)
Child of Divorced or Separated Parents	<ul style="list-style-type: none"> ▪ Custodial parent can waive child to noncustodial parent if they provides over half of the child's support and there is a written agreement. 	<ul style="list-style-type: none"> ▪ No special rule permitting waiver. 	Same as QDC.	Same as QDC, if dependent is QDC. No special rule for QDR.	Only the parent residing with the child can claim qualifying child for EITC.
Child: Citizenship/ Identity Documents and Residency in US	US citizen or resident of US, Canada, or Mexico. Must have taxpayer identification number (TIN) at the time the return is filed.		US citizen or resident of US. Must have SSN valid for work in the US. ²	US citizen or resident of US. Must have taxpayer identification number (TIN).	US citizen or resident of US. Must have SSN valid for work in the US. ³
Taxpayer(s): Citizenship/ Identity Documents and Residency in US	No explicit restrictions.		No explicit restrictions.	No explicit restrictions.	Must have SSN valid for work in the US.
Budget Proposal: Filer(s) and Dependent must have SSN for any § 24 Credit	No explicit restrictions.		Taxpayer(s) and QDC must have SSN valid for work to claim CTC/ACTC.	Taxpayer(s) and QDR must have SSN valid for work to claim ODTC.	Taxpayer(s) and claimed child must have SSN valid for work in the US. (Proposal contains technical correction.)

continued on next page



Table A2, Continued
Eligibility Rules for Dependent Status, Child Credit, Additional Child Tax Credit, the Other Dependent Credit
and the Earned Income Tax Credit
2019 Parameter Values

Notes:

For all purposes in this table, "citizen" also includes US nationals," who are individuals born in American Samoa or the Commonwealth of the Northern Mariana Islands who have made the election to be treated as US nationals and not US citizens. Individuals born in Puerto Rico, Guam, and the US Virgin Islands are US Citizens. US for purposes of the residency test is defined as the 50 US states and the District of Columbia.

Unmarried taxpayers who maintain a home for a dependent child or relative may be eligible to file as a head of household and benefit from a higher standard deduction and a more generous income tax rate schedule than available to single filers. In certain cases, a married taxpayer with children may be considered unmarried for tax purposes. The taxpayer must live apart from his or her spouse for the last six months of the year, maintain the household where the children reside for more than half the year and be able to claim the children as dependents as defined in § 151-152.

The IRC has special rules for allocating dependent status, and thus any benefits, in cases where the individual is the QDC or QDR of more than one taxpayer and/or when the parent is not the person claiming the benefit for a QDC. We refer readers to IRS publications for these unusual cases.

Footnotes:

¹ Although the relationship requirement is stricter for QDC than for QDR, the support requirements is stricter for QDR than for QDC. It is thus possible that a person dependent on others for support may qualify as neither a QDC or a QDR for tax purpose. For example, a parent might be supporting her 20 year old son who earns \$5,000. If the son is a full-time student, he will qualify as the parent's QDC even though his earnings are above the eligibility threshold for QDR. If instead the son were a part-time student, he will not qualify as the parent's QDC because he would be older than the non-student threshold, and he would not qualify as the parent's QDR because of his earnings. Such a person is generally not eligible for any credits.

² A QDC who has a greencard but not citizenship who resides in Canada or Mexico is not eligible for CTC/ACTC or ODTC. A QDC of any age with an ITIN is not be eligible for the CTC/ACTC.

³ The EITC SSN requirement also allows the EITC to the few individuals who received their SSN for a non-work purpose other than to receive benefits. SSNs are no longer available for this reason and the current budget proposal would tighten the definition to disallow this small exception.



Figure 1
 Stylized Marginal and Average Tax Rates and as Family Income Increases
 Single Filer No Dependents
 Current Law - Tax Year 2019

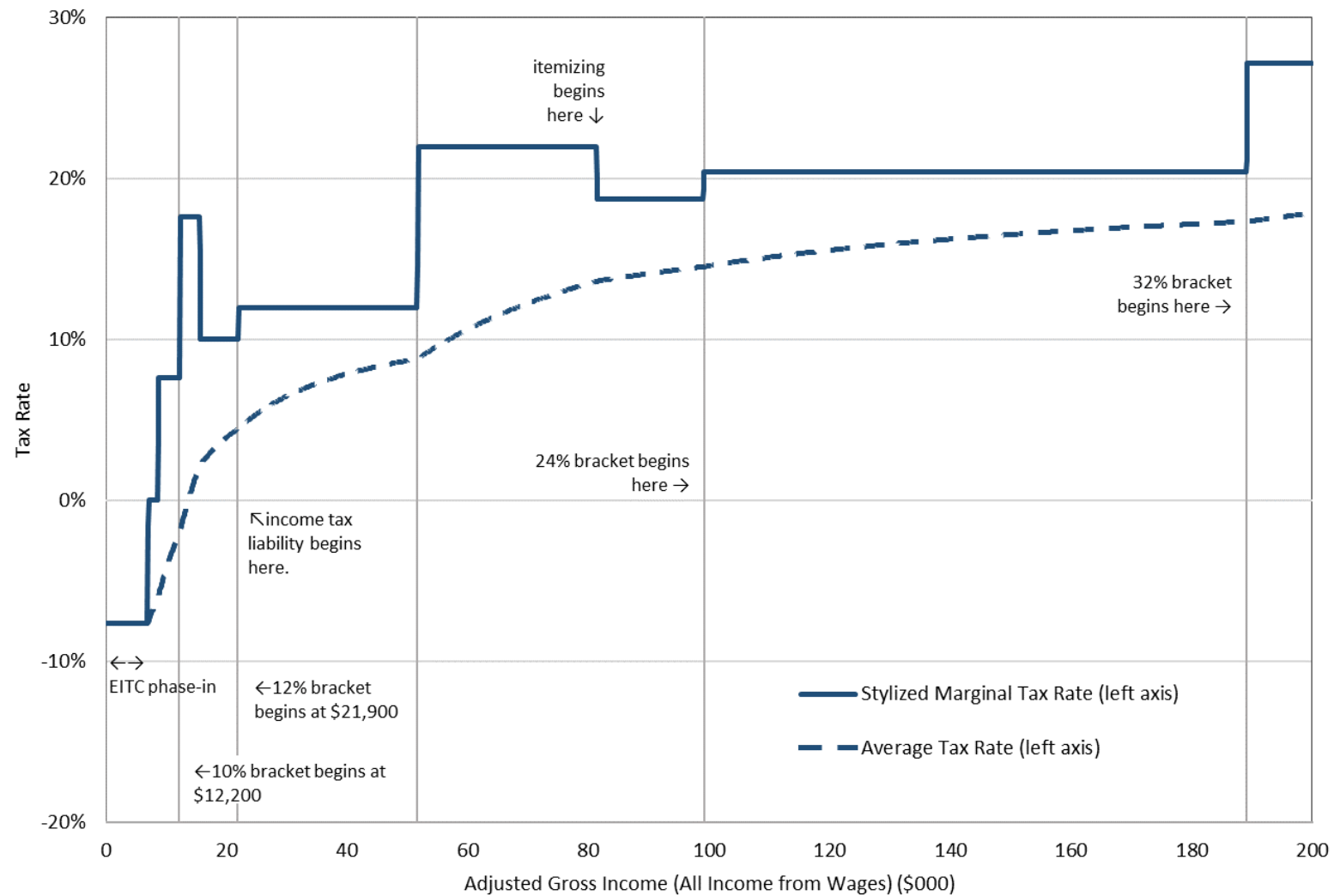


Figure 2
Stylized Marginal and Average Tax Rates and Tax Support for
Joint Filer with One Dependent Child under 17
Current Law - 2019

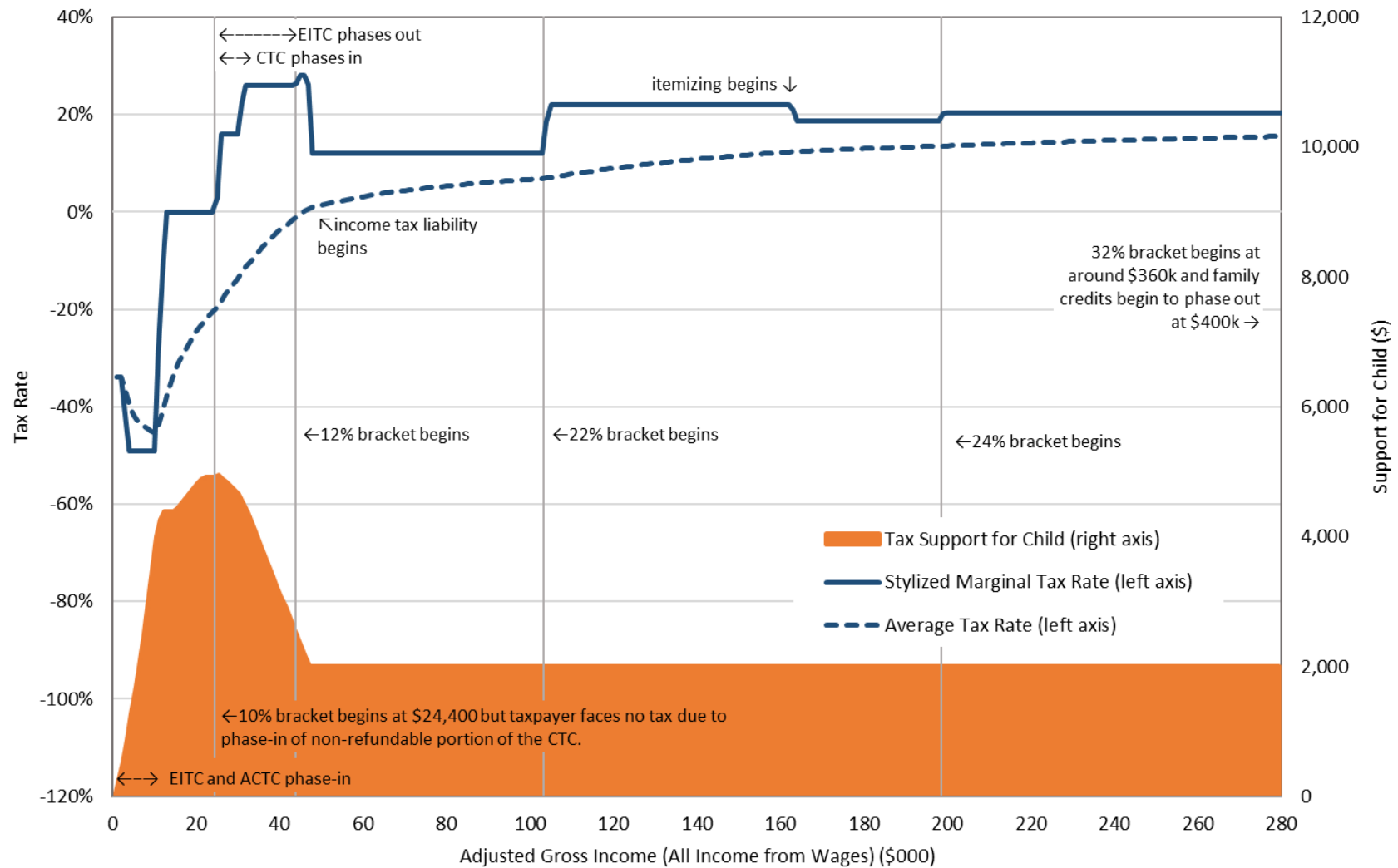


Figure 2A - Moderate Income Focus
 Stylized Marginal and Average Tax Rates and Tax Support for
 Joint Filer with One Dependent Child under 17
 Current Law - 2019

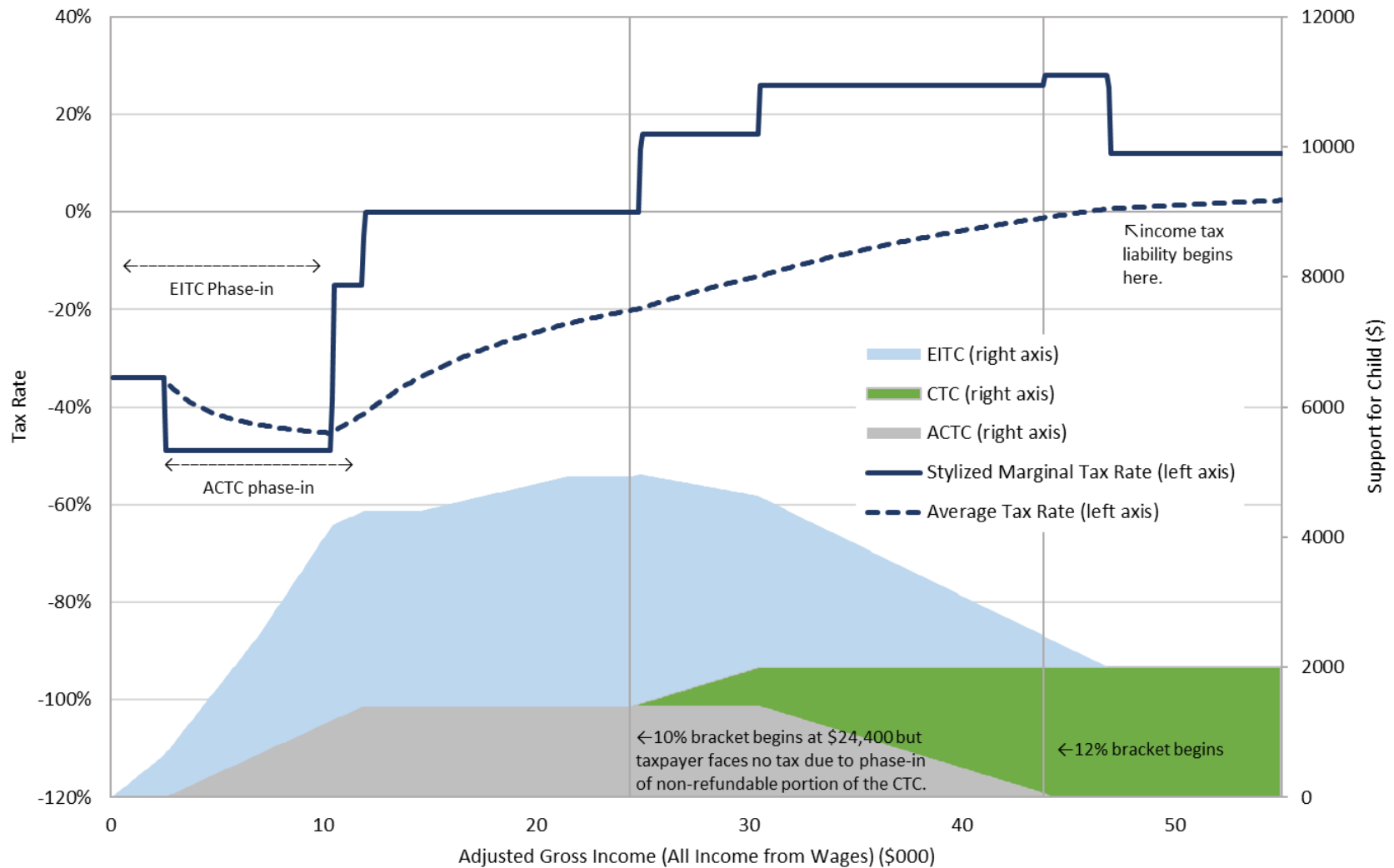


Figure 3
Stylized Marginal and Average Tax Rates and Tax Support for
Head of Household Filer with One Dependent Child under 17
Current Law - 2019

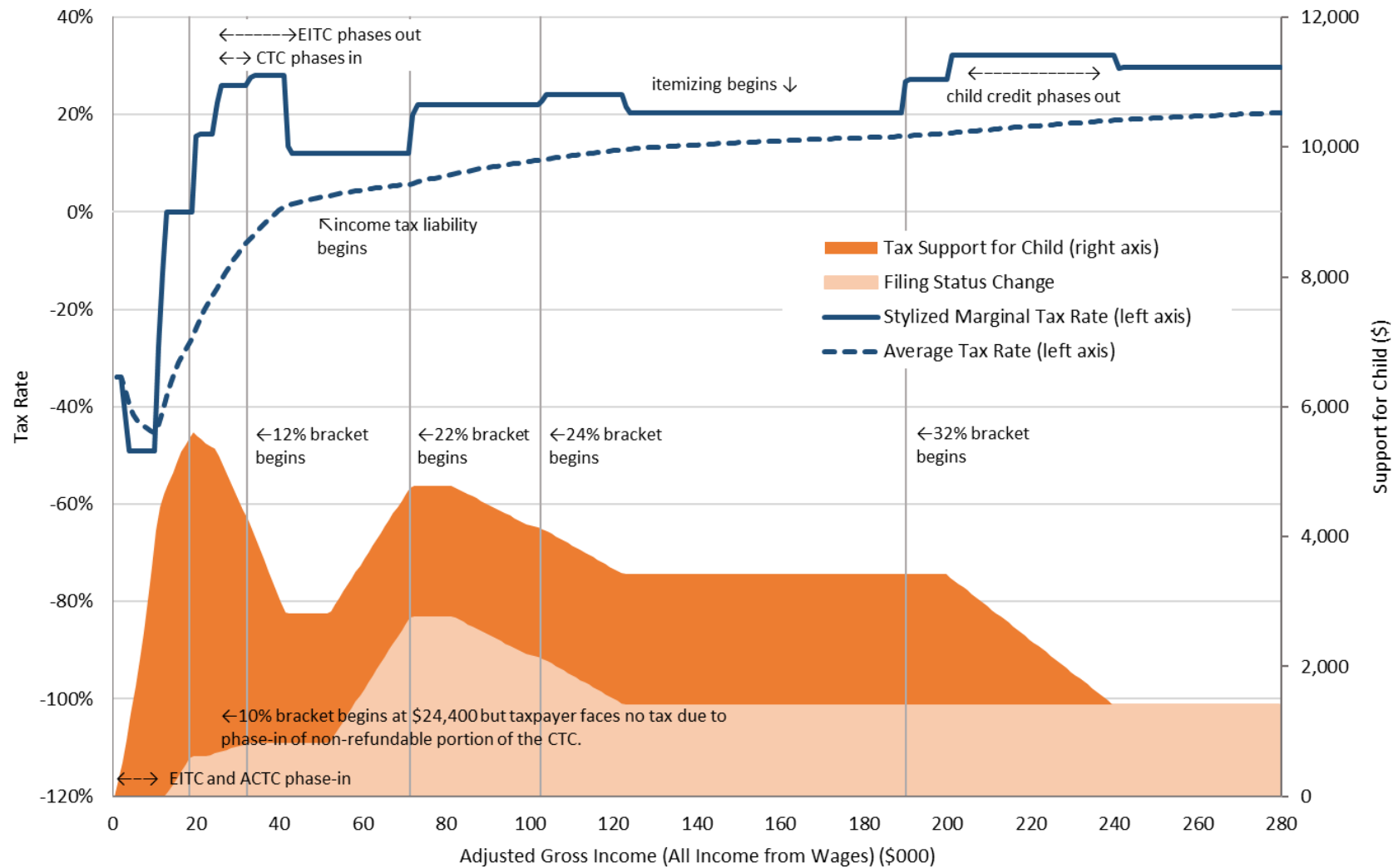


Figure 4
Stylized Marginal and Average Tax Rates and Tax Support for
Joint Filer with One Dependent College Student
Current Law - 2019

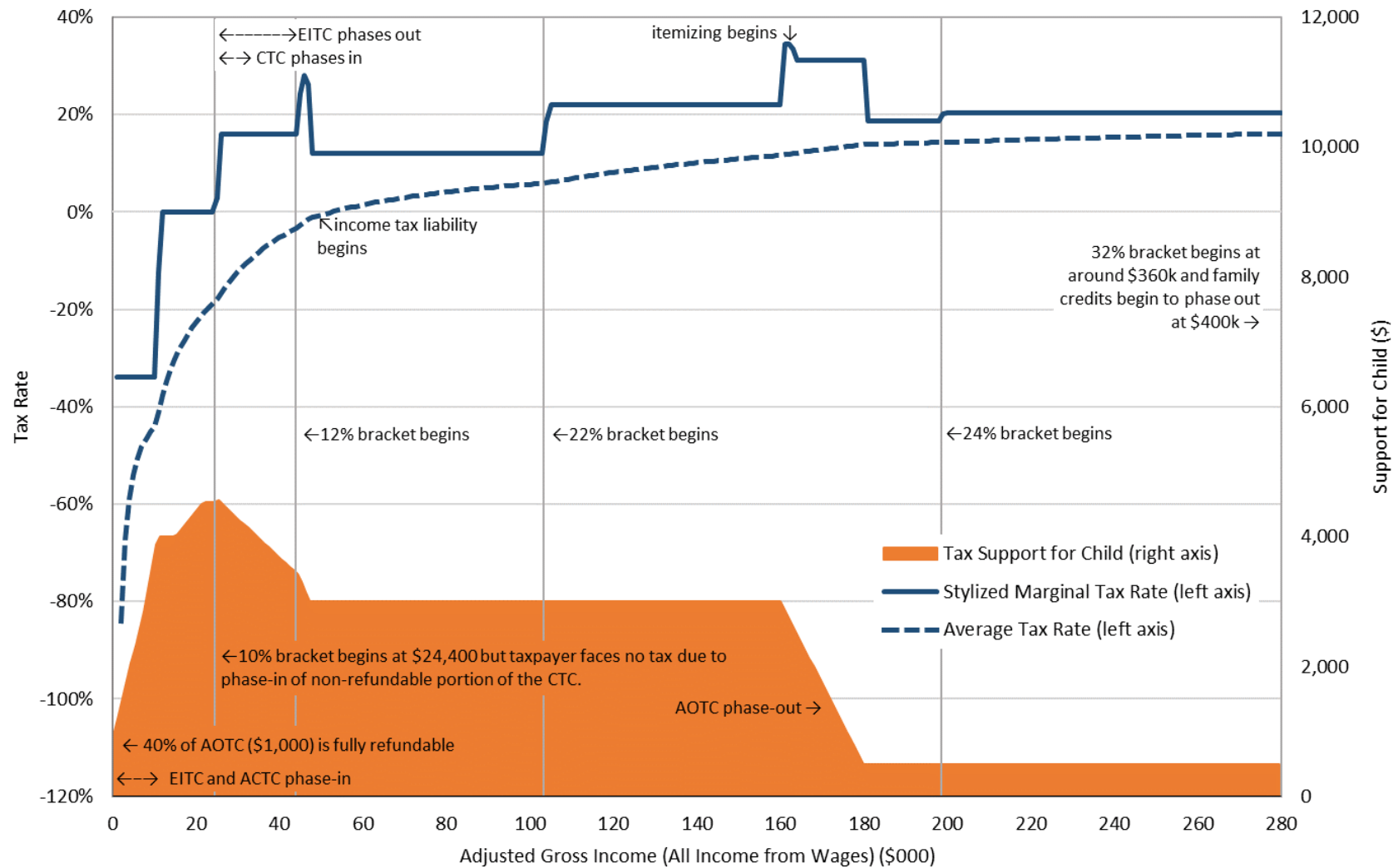


Figure 5
Stylized Marginal and Average Tax Rates and Tax Support for
Joint Filer with One Dependent Child under 17 and Child Care Expenses
Current Law - 2019

