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Budget Model

Expanding the Child Tax Credit: Budgetary, Distributional, and Incentive Effects

Summary: PWBM projects the House Ways and Means Committee proposal to temporarily extend the 2021 Child Tax Credit design would provide an average 2022 refundable tax cut of $2,785 to 78 percent of households with children at a budgetary cost of $545 billion over the 10-year budget window. Changes to phase-out and phase-in thresholds would reduce the budgetary cost but also reduce the size of the tax cuts.

Key Points

- PWBM projects the House Ways and Means Committee proposal to temporarily extend the 2021 Child Tax Credit design would cost $545 billion. In 2022, 78 percent of households with children would see a tax cut under the proposal, with an average tax reduction of $2,785.

- Lowering the proposed phase-out threshold from $112,500 to $45,000 for most single parents would lower the proposal's budgetary cost to $463 billion, a decrease of $82 billion over 10 years. Under this design, 74 percent of households with children would benefit.

- The House CTC bill raises the average effective marginal tax rate for low-income single parents making less than $10,000. Phasing in the credit at a rate of 15 cents per dollar of earnings would fully offset this marginal tax rate hike but would also reduce the average tax cut for the bottom quintile from $3,765 to $540 in 2022. With that phase-in, this proposal would cost $315 billion over the budget window.

Introduction

The American Rescue Plan Act, signed into law in March 2021, temporarily expanded the Child Tax Credit (CTC), a flat-dollar benefit for households with children. The expansion is scheduled to expire at the end of 2021 and its extension has been a stated priority in the Biden administration's American Families Plan and subsequent FY2021 President's Budget. Now, some Democratic lawmakers in Congress have proposed a similar extension in their reconciliation bill, most recently in the House Ways and Means Committee text.

Reports suggest that the proposed CTC expansion is one area where senators continue to negotiate policy design. Among the contested details are "phase ins" and "phase outs"—the income thresholds over which

households begin to either gain, or lose, eligibility for the credit. By conditioning credit eligibility on earnings, these design features affect the CTC's fiscal impact and the extent to which it provides benefits across the income distribution. Phase-ins and phase-outs also change the implicit marginal tax rate for some households, which in turn influences parents' decisions about whether – and how much – to work.

In this brief, we analyze a set of illustrative policy options for expanding the CTC with a focus on budgetary and distributional effects. We also examine the extent to which an expansion of the CTC changes work incentives for different types of families. Our results help quantify the trade-offs policymakers face when crafting social spending legislation.

Child Tax Credit Background

Established in 1997, the CTC has historically provided a fixed-dollar benefit to many households with children, the design of which has evolved in structure and generosity over the years. Under current law, the CTC includes several "fiscal cliffs" wherein the tax benefit of the credit is scheduled to shrink unless Congress extends temporary expansions.

From 2013 to 2017, the CTC provided a $1,000 per-qualifying-child credit that phased out by 5 cents per dollar of income above $75,000 for most single parents ($110,000 for joint returns). The credit was "partially refundable", meaning that the full value was available to families with adequate income tax liability. But for those with more CTC than liability, the excess was available as a tax refund, calculated as 15 percent of earnings above $3,000. That is, the CTC *phased in* with income. In Figure 1 below, this iteration of the CTC is referred to as the "pre-TCJA CTC."

The Tax Cuts and Jobs Act (TCJA) expanded the CTC both in terms of maximum value and breadth across the income distribution. Starting in 2018, the value was doubled to $2,000 per qualifying child, and the phase-out threshold was raised to $200,000 ($400,000). The phase-in structure was retained and slightly reformed: refunds were capped at the lesser of $1,400 per child or 15 percent of earnings above $2,500. This expansion is temporary under current law and is scheduled to revert to 2017 tax law parameters beginning in 2026. Below, this iteration of the CTC is referred to as the "TCJA CTC."

In 2021, The America Rescue Plan Act (ARPA) expanded the CTC once again. The maximum per-qualifying child was expanded by an additional amount of $1,600 for children under 6 and $1,000 for older children, bringing the maximum CTC value to $3,600/$3,000. The reform also extended eligibility to 17-year-old children, who previously did not qualify. The additional amount in excess of the prior-law $2,000 value is phased out at a rate of 5 cents per dollar above $112,500 ($150,000) in income. Most notably, the CTC was made "fully refundable", which means that lower-income households can receive the full CTC value, irrespective of available income tax liability. The credit was also made partially "advanceable", meaning that rather than waiting until tax filing season to claim it, eligible households could receive 50 percent of the CTC's presumed value delivered in monthly installments during the tax year. This expansion is temporary and applies only through the end of 2021 at which point the CTC reverts to the TCJA CTC design. Below, this iteration of the CTC is referred to as the "2021 CTC."

Figure 1 plots the CTC schedule for a single parent with one qualifying child under each of the historical iterations described above. The child is assumed to be under the age of 6.

Figure 1. Child Tax Credit Value for a Single Parent with One Child under Current and Prior Law

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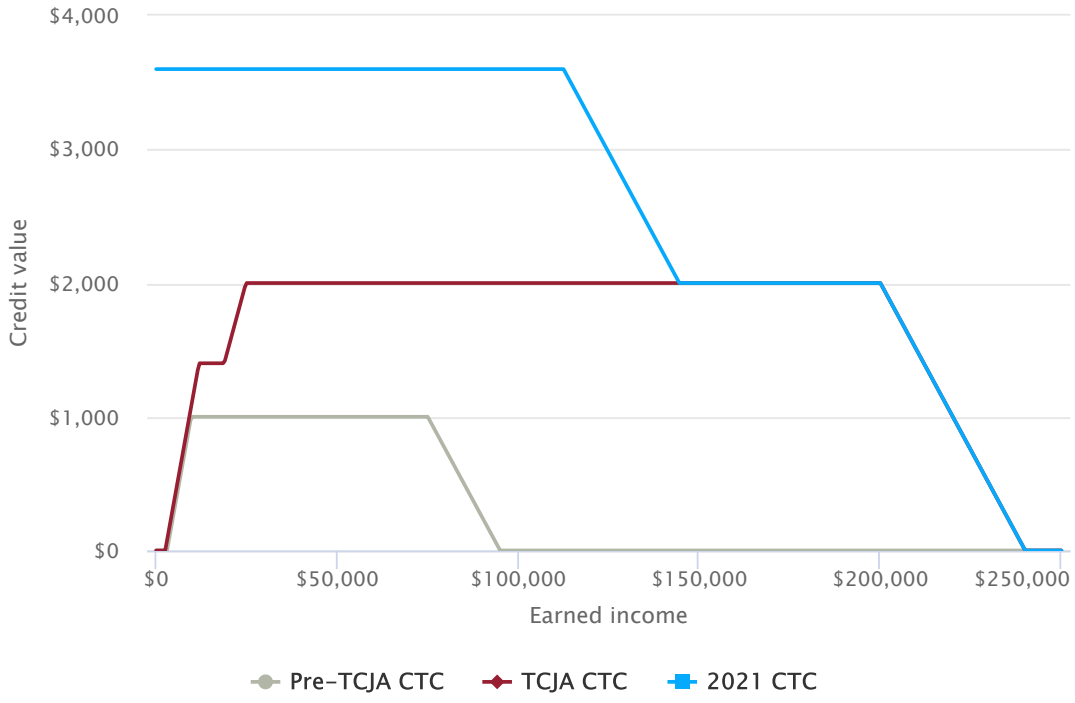

Figure 2 shows the maximum per-child credit value by year, illustrating the looming fiscal cliffs embedded in current law.

Figure 2. Maximum Child Tax Credit Value Per Child Under Historical and Current Law

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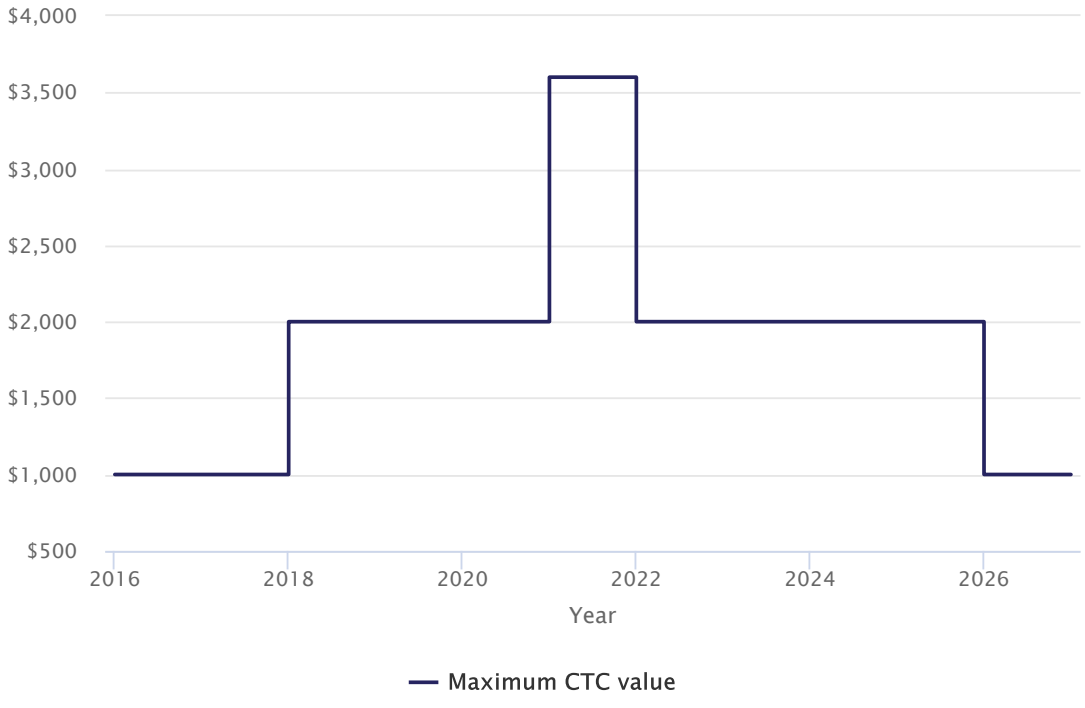

Child Tax Credit: Options for Expansion

As mentioned above, the value of the CTC falls from $2,000 to $1,000 in 2026. The House Ways and Means reconciliation bill would extend the 2021 CTC parameters through 2025 while also indexing the credit value and initial phase-out thresholds to inflation and increasing the second phase-out threshold to $300,000. The proposal would also continue paying advance monthly payments worth 1/12th of the tax year's presumed CTC value.

This kind of advanceable credit design can generate overpayments wherein the IRS issues advanced payments to households who end up failing to qualify for the credit during that tax year. When the IRS sends advance payments for a tax year, it must rely on information from the previous tax year to determine eligibility. But a taxpayer's income, marital status, and child custody situations can change during the year, potentially reducing the amount of CTC they are eligible to claim come tax season. The House bill CTC proposal provides a "safe harbor" against repayment and would generally not require repayment of accidental overpayments except in the case of fraudulent activity.

Lawmakers in Congress interested in reducing the scope of the bill's proposed expansion may look to phase-outs and phase-ins as sources of budgetary cost savings. By lowering the threshold at which the credit value starts to phase out, fewer households would receive the full credit value (or any credit at all), thereby reducing the budgetary cost.

Adding a phase-in to the House reconciliation bill would also reduce its budgetary cost. One central difference between the prior-law CTC and the 2021/House bill CTC is that under the latter design, households with no income are eligible for the full CTC value. Put differently, the prior-law (and current-law, for 2022 forward) CTC is phased in with earned income. Phase-ins for refundable credits have two notable characteristics. First, they exclude the poorest households from receiving the full value of benefits. Second, phase-in rates can be thought of as negative effective marginal tax rates, wherein an additional dollar of earned income generates *more* than one dollar of after-tax income. The latter effect is thought to encourage labor force participation due to the "substitution effect". A long literature attempts to quantify how phase-ins impact the labor supply decisions of low-income parents by studying a similarly-structured tax benefit, the Earned Income Tax Credit. Most studies find a positive effect, though some recent research calls the interpretation of these findings into question.

In this brief, we analyze the effects of such modifications. We construct several illustrative policy scenarios that incorporate changes to the House CTC's phase-out and phase-in parameters, both independently and considered together.

Table 1 summarizes the policy scenarios. These policy scenarios are described relative to the House bill CTC proposal. For example, Scenario 2 lowers the initial phase-out threshold to $50,000 ($75,000 and $100,000 for heads of household and joint returns, respectively), holding everything else in the House bill CTC proposal fixed.

Table 1. Child Tax Credit Parameters under Each Illustrative Policy Scenario

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Scenario	First phase-out threshold	Phase-in rate
Scenario 1: House bill	$75K / $112.5K / $150K	NA
Scenario 2: Reduce the phase-out threshold	$50K / $75K / $100K	NA
Scenario 3: Reduce the phase-out threshold further	$30K / $45K / $60K	NA
Scenario 4: Fast phase-in	$75K / $112.5K / $150K	50%
Scenario 5: Slow phase-in	$75K / $112.5K / $150K	15%
Scenario 6: Phase in and reduce the phase-out threshold	$50K / $75K / $100K	15%

Note: the following parameters are common to all scenarios: $3,000 ($3,600) maximum credit value per child under 6 (over 6); 17-year-olds eligible; credit value and first phase-out thresholds indexed to inflation; second phase-out thresholds of $200K/$300K/$400K; advanceable.

Additionally, we consider the budgetary effects of each policy scenario under two assumptions about its permanence: one where the expansion expires at the end of 2025 (as per the House CTC bill), and another where the policy is permanent. The purpose of this exercise is to show the full fiscal cost in the event that a temporary expansion is ultimately extended by a future Congress.

Figure 3 visualizes the CTC schedule under each policy scenario for a single parent. Use the drop-down menu to toggle between the number of qualifying children.

Figure 3. Child Tax Credit Value for a Single Parent with children under Current and Prior Law

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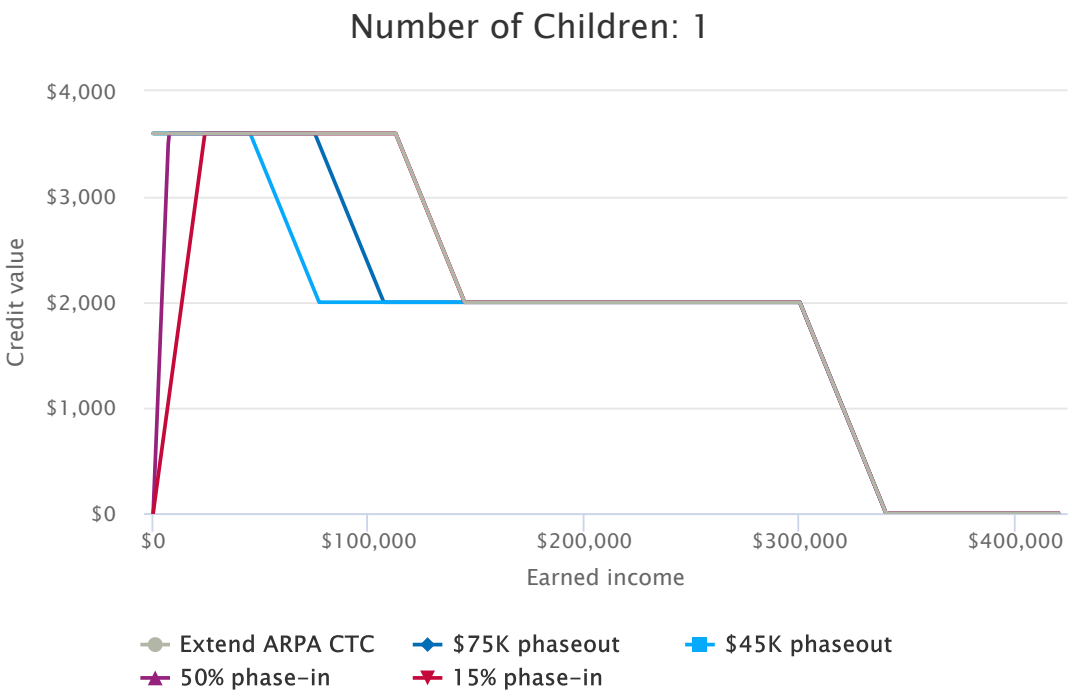
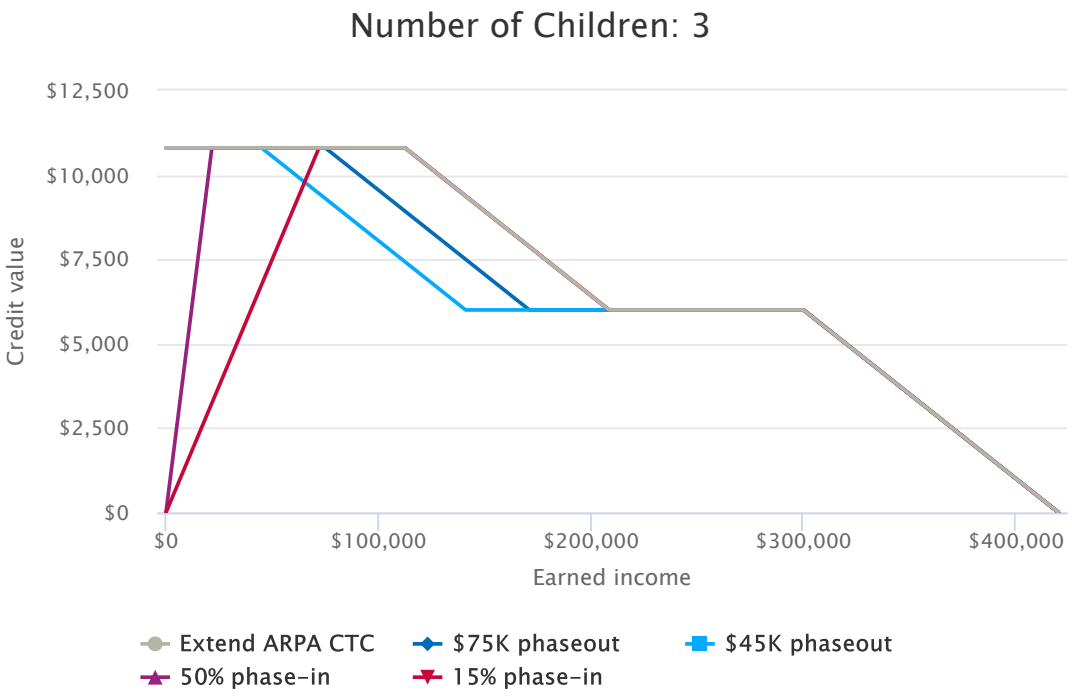
Number of Children: 1





The schedule for a tax credit with both a phase-in and a phase-out is said to be trapezoidal. Note, however, that the shape becomes *triangular* if the phase-in range intercepts the phase-out range. For example, under Scenario 6, a single parent of 3 young children would be phased-in for the first $62,300 in earnings. At that point, the phase-out range abruptly begins and the maximum credit value never reaches the full $10,800. The

shape of this schedule illustrates the trade-offs that policymakers face when attempting to "target" benefits using a combination of phase-ins and phase-outs.

Results: Summary

Our results illustrate that there is a trade-off between fiscal cost and generosity of benefits, and also designs that encourage work come at the cost of forgone direct poverty alleviation. In the coming sections, we present detailed breakdowns of the budgetary, distributional, and incentive effects separately. Table 2 summarizes the results of each policy experiment.

Table 2. Summary Table of Effects of Each Illustrative Policy Scenario

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Scenario	Budget cost through 2025 (billions of $)	10-year budget cost if made permanent (billions of $)	Millions of households with children with a tax cut	Average tax change for households with children, 2022	Average tax cut for households with children in the the bottom income quntile, 2022	Average change in effective marginal tax rate for a single parent with less than $10K in earnings (percentage points)
Scenario 1: House bill	-545	-1,891	40.6	-$2,285	-$3,840	10.2%
Scenario 2: Reduce the phase-out threshold	-512	-1,804	38.3	-$2,145	-$3,840	10.2%
Scenario 3: Reduce the phase-out threshold further	-463	-1,670	34.5	-$1,925	-$3,840	10.2%
Scenario 4: Fast phase-in	-482	-1,723	40.0	-$2,050	-$2,740	-27.2%
Scenario 5: Slow phase-in	-315	-1,284	38.9	-$1,250	-$1,020	-4.2%
Scenario 6: Phase in and reduce the phase-out threshold	-283	-1,197	36.6	-$1,110	-$540	-4.2%

Budgetary Effects: Detail

Table 3 reports the annual budgetary effects of each policy scenario over the budget window. We report 10-year totals for two scenarios: one where the expansion expires at the end of 2025, and another where the policy is made permanent. Cost totals for the temporary policy scenarios include roughly $20 billion in post-2025 revenues from making the CTC permanently refundable, a consistent feature of the administration's CTC expansions.

Table 3. Budgetary Effects, Fiscal Years 2022-2031

Billions of dollars

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Scenario	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10-year budget cost if temporary (expires in 2025)	pe
Scenario 1: House bill	-95	-129	-131	-136	-195	-216	-224	-230	-238	-244	**-545**	
Scenario 2: Reduce the phase-out threshold	-89	-121	-123	-127	-186	-207	-215	-220	-228	-234	**-512**	
Scenario 3: Reduce the phase-out threshold further	-80	-109	-110	-114	-173	-194	-201	-206	-214	-219	**-463**	
Scenario 4: Fast phase-in	-84	-111	-118	-118	-179	-200	-205	-213	-218	-226	**-482**	
Scenario 5: Slow phase-in	-52	-70	-74	-76	-135	-156	-161	-167	-172	-179	**-315**	
Scenario 6: Phase in and reduce the phase-out threshold	-46	-62	-66	-67	-126	-147	-152	-158	-162	-169	**-283**	

We project that the House bill CTC expansion would cost roughly $545 billion as written.[1] If extended beyond 2025, the proposal would increase deficits by $1.9 trillion over fiscal years 2022 to 2031.

Lowering the head of household phase-out threshold from $112,500 to $75,000 or $45,000 reduces the through-2025 budget cost to $512 billion and $463 billion, respectively. Similarly, adding a credit phase-in to the House bill CTC proposal lessens the budgetary impact. A 50 percent phase-in rate lowers the through-2025 cost to $482 billion, whereas the same estimate falls to $315 billion under a more-restrictive 15 percent phase-in rate. The most restrictive CTC expansion modeled, which combines a lower phase-out threshold and the imposition of a phase-in range, would cost $283 billion over the budget window if not extended beyond 2025.

Note that under each proposal, the annual cost rises starting in 2026 due to path of CTC policy under a current-law baseline. As described above, the CTC value is scheduled to fall from $2,000 to $1,000 after 2025.

Distributional Effects: Detail

Changing key design features of the proposed House bill CTC expansion, such as phase-out thresholds and phase-in rates, will affect who benefits from the credit and by how much. Because the CTC by definition excludes childless households, we restrict our sample to households with children.[2] Table 4 reports key distributional measures for each illustrative policy scenario, showing changes in 2022 relative to current law—that is, relative to the CTC as it was structured in 2020.[3] The drop-down menu allows users to select a policy scenario.

Table 4. Selected Measures of the Distributional Impact of Each Illustrative Policy Scenario, 2022

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Scenario 1: House bill ▼

Scenario 1: House bill

Income group	Number of families	Number of families with a tax cut	Share of families with a tax cut	Average tax cut	Average tax change (including families without a cut)	Share of tax change
Bottom quintile	6.1	5.3	87.1%	-$3,765	-$3,280	17.4%
Second quintile	12.9	11.5	89.4%	-$3,320	-$2,970	33.2%
Middle quintile	11.1	9.4	84.6%	-$2,500	-$2,115	20.4%
Fourth quintile	10.3	8.4	81.5%	-$2,345	-$1,910	17.1%
80-90%	5.6	4.1	73.9%	-$2,285	-$1,690	8.2%
90-95%	2.9	1.1	39.3%	-$1,880	-$740	1.8%
95-99%	2.3	0.7	29.8%	-$2,080	-$620	1.3%
99-99.9%	0.5	0	5.5%	-$3,300	-$180	0.1%
Top 0.1%	0.1	0	0.0%	$0	$0	0.0%
Total	**51.7**	**40.6**	**78.4%**	**-$2,820**	**-$2,215**	**100.0%**

Scenario 2: Reduce the phase-out threshold

Income group	Number of families	Number of families with a tax cut	Share of families with a tax cut	Average tax cut	Average tax change (including families without a cut)	Share of tax change
Bottom quintile	6.1	5.3	87.1%	-$3,765	-$3,280	18.5%
Second quintile	12.9	11.5	89.4%	-$3,320	-$2,970	35.4%
Middle quintile	11.1	9.4	84.6%	-$2,495	-$2,110	21.7%
Fourth quintile	10.3	8.1	79.0%	-$2,225	-$1,760	16.8%
80-90%	5.6	2.7	47.5%	-$1,850	-$880	4.6%
90-95%	2.9	0.6	20.6%	-$1,950	-$400	1.1%
95-99%	2.3	0.6	27.6%	-$2,010	-$555	1.2%
99-99.9%	0.5	0	5.5%	-$3,300	-$180	0.1%
Top 0.1%	0.1	0	0.0%	$0	$0	0.0%
Total	**51.7**	**38.3**	**74.0%**	**-$2,800**	**-$2,070**	**100.0%**

Scenario 3: Reduce the phase-out threshold further

Income group	Number of families	Number of families with a tax cut	Share of families with a tax cut	Average tax cut	Average tax change (including families without a cut)	Share of tax change
Bottom quintile	6.1	5.3	87.1%	-$3,765	-$3,280	20.7%
Second quintile	12.9	11.5	89.4%	-$3,320	-$2,965	39.6%
Middle quintile	11.1	9.3	83.6%	-$2,400	-$2,005	23.0%
Fourth quintile	10.3	6	58.7%	-$1,780	-$1,045	11.1%
80-90%	5.6	1.3	23.4%	-$1,910	-$445	2.6%
90-95%	2.9	0.5	16.4%	-$1,755	-$285	0.9%
95-99%	2.3	0.6	25.4%	-$1,970	-$500	1.2%
99-99.9%	0.5	0	5.5%	-$3,300	-$180	0.1%
Top 0.1%	0.1	0	0.0%	$0	$0	0.0%
Total	**51.7**	**34.5**	**66.8%**	**-$2,775**	**-$1,850**	**100.0%**

Scenario 4: Fast phase-in

Income group	Number of families	Number of families with a tax cut	Share of families with a tax cut	Average tax cut	Average tax change (including families without a cut)	Share of tax change
Bottom quintile	6.1	5.2	84.9%	-$2,740	-$2,325	13.4%
Second quintile	12.9	11.4	88.8%	-$3,250	-$2,880	34.9%
Middle quintile	11.1	9.3	83.8%	-$2,485	-$2,070	21.6%
Fourth quintile	10.3	8.3	80.6%	-$2,340	-$1,865	18.1%
80-90%	5.6	4.1	72.7%	-$2,270	-$1,635	8.6%
90-95%	2.9	1.1	37.5%	-$1,875	-$695	1.9%
95-99%	2.3	0.7	28.1%	-$2,060	-$570	1.2%
99-99.9%	0.5	0	5.2%	-$3,280	-$170	0.1%
Top 0.1%	0.1	0	0.0%	$0	$0	0.0%
Total	**51.7**	**40**	**77.4%**	**-$2,660**	**-$2,050**	**100.0%**

Scenario 5: Slow phase-in

Income group	Number of families	Number of families with a tax cut	Share of families with a tax cut	Average tax cut	Average tax change (including families without a cut)	Share of tax change
Bottom quintile	6.1	5.2	84.9%	-$540	-$460	4.3%
Second quintile	12.9	10.6	82.4%	-$1,270	-$1,020	20.2%
Middle quintile	11.1	9.1	81.9%	-$1,965	-$1,585	27.1%
Fourth quintile	10.3	8.2	80.1%	-$2,310	-$1,820	28.9%
80-90%	5.6	4.1	72.5%	-$2,260	-$1,620	14.0%
90-95%	2.9	1.1	37.5%	-$1,875	-$690	3.1%
95-99%	2.3	0.7	28.1%	-$2,055	-$565	2.0%
99-99.9%	0.5	0	5.2%	-$3,280	-$170	0.1%
Top 0.1%	0.1	0	0.0%	$0	$0	0.0%
Total	**51.7**	**38.9**	**75.3%**	**-$1,690**	**-$1,250**	**100.0%**

Scenario 6: Phase in and reduce the phase-out threshold

Income group	Number of families	Number of families with a tax cut	Share of families with a tax cut	Average tax cut	Average tax change (including families without a cut)	Share of tax change
Bottom quintile	6.1	5.2	84.9%	-$540	-$460	4.9%
Second quintile	12.9	10.6	82.4%	-$1,270	-$1,020	22.8%
Middle quintile	11.1	9.1	81.9%	-$1,960	-$1,580	30.4%
Fourth quintile	10.3	7.9	77.2%	-$2,180	-$1,655	29.6%
80-90%	5.6	2.6	46.1%	-$1,820	-$820	8.0%
90-95%	2.9	0.6	20.0%	-$1,960	-$380	1.9%
95-99%	2.3	0.6	26.2%	-$1,965	-$505	2.0%
99-99.9%	0.5	0	5.2%	-$3,280	-$170	0.2%
Top 0.1%	0.1	0	0.0%	$0	$0	0.0%
Total	**51.7**	**36.6**	**70.8%**	**-$1,595**	**-$1,110**	**100.0%**

We project that 78 percent of all households with children would benefit from the proposed CTC expansion in the House bill. On average, households with children would receive an additional $2,215 in 2022. For those in the bottom quintile who qualify and file to receive a larger credit – 90 percent of such households -- the average tax cut would amount to roughly $3,765. A smaller share of families at the top end of the income distribution would benefit, and those who would be partially phased out of the full credit value see a smaller average tax cut.

A CTC expansion design that starts with the House bill CTC proposal but lowers the initial phase-out threshold would further limit the share of households benefiting. Scenario 2 (3), which phases out the first portion of the credit starting at $75,000 ($45,000) for most single parents, would cut taxes for 74 (67) percent of households with children. This loss of eligibility is concentrated in the top 60 percent of households. The full benefits accruing to the low end of the income distribution in the House bill CTC proposal are preserved in these scenarios.

Adding a phase-in to the House bill CTC proposal reduces the average benefit value for the bottom half of the income distribution. Most families in the lowest quintile still benefit from the policy change–85 percent are made better off compared with 89 percent in the no-phase-in structure–but the average tax cut for this group falls from $3,765 to $2,660 in Scenario 4 (50 percent phase-in) and to $540 in Scenario 5 (15 percent phase-in). A 50 percent phase-in rate is “steep” enough such that most families in the second quintile receive the full benefit, but a 15 percent phase-in structure would reduce the average tax change for the second quintile from $2,970 to $1,020. This result illustrates how retaining the prior-law phase-in rate while raising the maximum

credit value generates a longer phase in rate. For example, a single parent of two young children would not receive the full benefit unless earning more than $50,000.

Incentive Effects: Detail

The effective marginal tax rate (EMTR) is the tax rate paid on an additional dollar of income. For example, if someone earns a $1,000 raise at work and their tax liability increases by $200, the EMTR is 20 percent. A household's EMTR can differ from its statutory marginal tax rate when other elements of the tax code, like deductions or credits, are also dependent on income. Phase-outs, which reduce some tax benefit with every additional dollar, increase EMTRs. As described in a previous section, the CTC has historically phased in at 15 percent of earned income and phased out at a rate of 5 percent. Thus, the CTC has tended to reduce EMTRs by 15 percentage points for certain low-income earners, while increasing EMTRs by 5 percentage points for middle- to upper-income households. This basic structure describes current law from 2022 forward.

The 2021 CTC design does not include a phase-in, so the credit does not reduce EMTRs for any household. Because it includes two phase-out ranges, it separately increases MTRs by 5 percent over those two income ranges. The House bill CTC would extend this structure through 2025.

Using PWBM's tax microsimulation model, for each policy scenario, we calculate the average 2022 EMTR for households with children by income and marital status in 2022. This calculation includes the effects of all provisions of the individual income tax. Figure 4 plots the results. Use the drop-down menu to toggle between married and unmarried households.

Figure 4. Average Marginal Tax Rate for Households with Children under Each Policy Scenario, 2022

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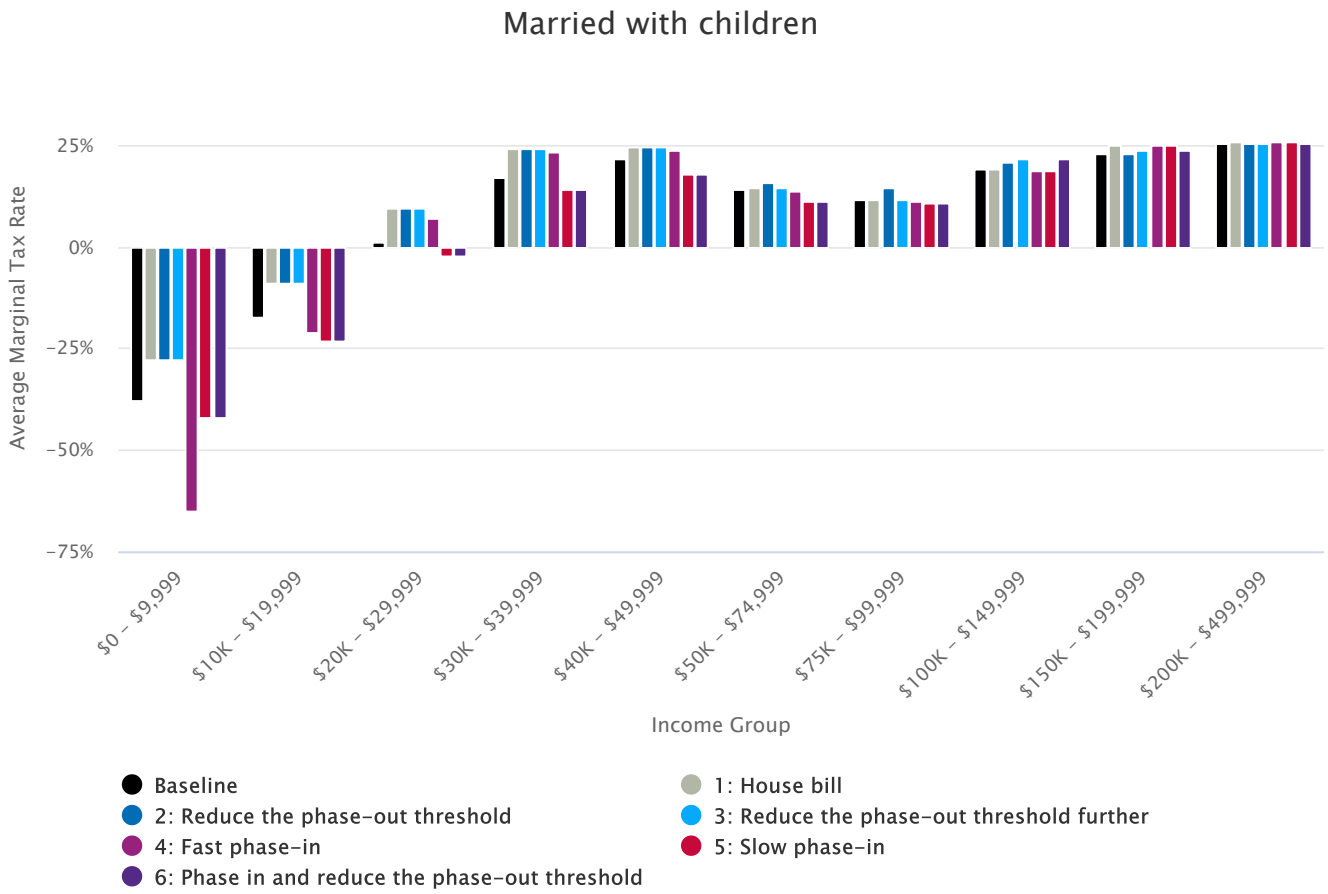
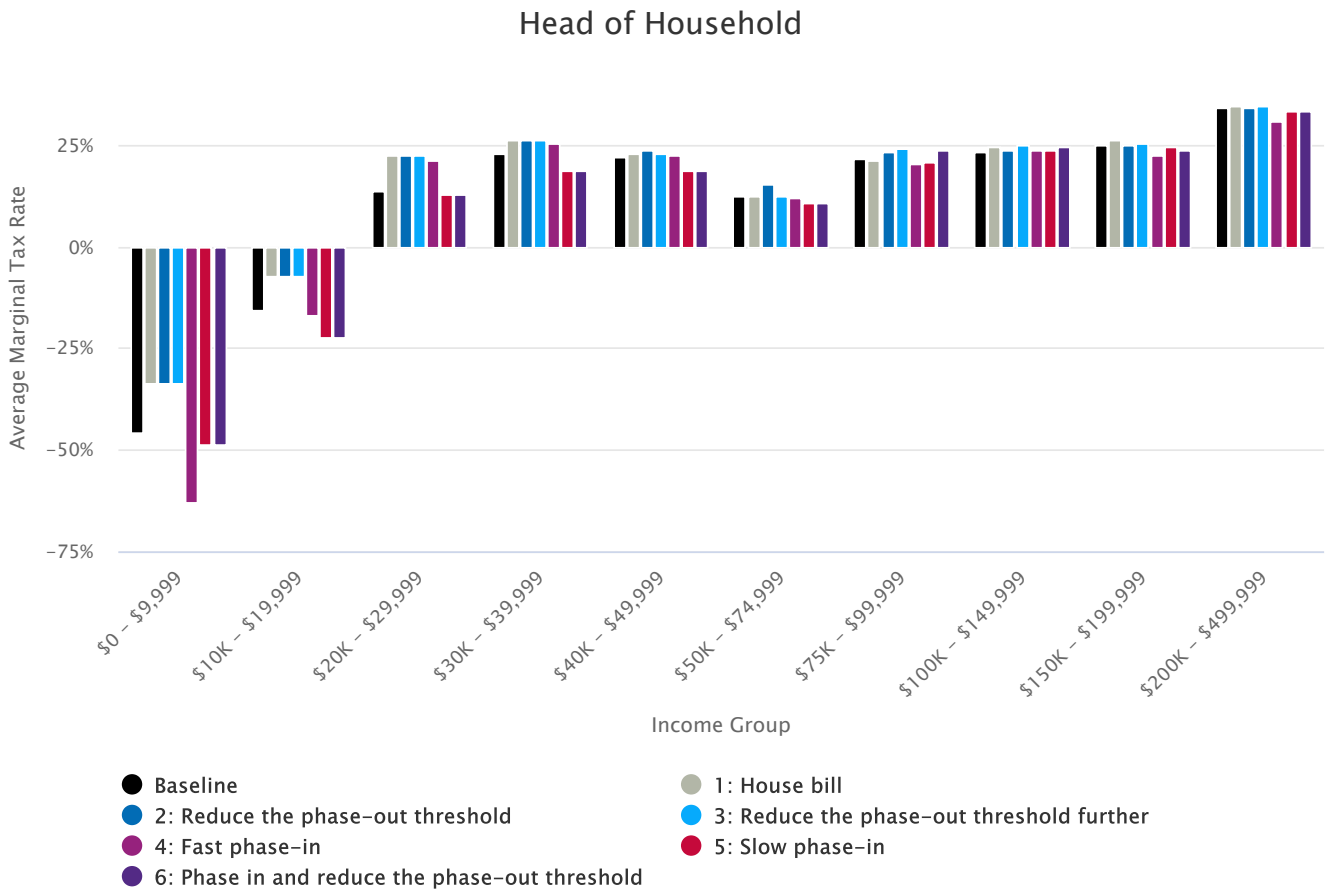
Filing Status: Married with children ▼





For households in the lowest income groups (AGI under $30,000), EMTRs under the current law baseline are negative, on average. This is a result of the phasing in of various benefits and incentives, in particular the Earned Income Tax Credit (EITC), which result in each additional dollar of earnings corresponding to additional tax benefits—meaning these households face a *negative* EMTR. Households in this income range are most sensitive to proposed changes in the CTC. For this reason, any modification to the phase-in structure of the benefit would have the largest effect on EMTRs, both in relative and absolute terms.

Relative to current law baseline, Scenarios 1 through 3 propose eliminating the phase-in of CTC benefits. This change raises the EMTRs by 12 percentage points (10 percentage points) for married (head of household) households in the under-$10,000 AGI group. The magnitude of this effect decreases for subsequent income groups (where average EMTRs grow increasingly more positive) as the credit phases in.

Scenarios 5 and 6 put forth a phase-in rate of 15 percent (equivalent to current law CTC) but would eliminate the refundability threshold that exists under current law. For married households with children, this reduces EMTRs by 4.2 and 5.9 percentage points for the under-$10,000 and $10K-$20K AGI groups, respectively. Increasing the phase-in rate to 50 percent (Scenario 4) drops the EMTRs by an additional 23 percentage points for the income group under $10K, but the quicker phase-in leaves married tax units earning between 10-20K largely unchanged (a 1 percentage-point reduction from baseline).

For households with children earning over $40,000 in AGI, the average EMTR would remain largely unchanged from current law. Phasing out the credit earlier (as in Scenarios 2, 3, and 6) would result in a modest (about 3 percentage points or less) bump in EMTR for tax units in the phase-out range.

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1. This cost estimate is somewhat larger than PWBM's previous estimates of similar proposals from the Biden administration. Some of the difference reflects changes in policy (e.g. inflation indexation). The remainder of the difference stems from modeling updates, specifically related to the distribution of would-be qualifying children and the extent to which advance monthly overpayments would not be subject to recapture. ↩
2. Income percentile thresholds, however, are calculated based on the entire population, including those who do not file tax returns. ↩
3. These measures exclude the effects of indexation, which gives everyone who receives any amount of CTC a negligible tax cut in 2022. ↩