

II. Child Tax Credit



Dependent children under the age of 17 currently qualify for a \$500 tax credit. This child credit amount would be increased retroactively to \$600, effective January 1, 2001. It would be increased to \$700 in 2005, \$800 in 2009, and \$1,000 in 2010. In addition, in a compromise demanded by Democrats on Senate Finance, a low-income family may benefit from a refundable credit up to 10% of earned income over \$10,000, increasing to a 15% credit after 2004. Thus, families with several children and incomes of \$10,000-\$30,000 could actually receive a refund from their excess child tax credits.