

## U.S. Poverty Policy Request

# Improve the Child Tax Credit and Earned Income Tax Credit in 2025

**RESULTS urges you to support hardworking families by providing the EITC and CTC to more families with low incomes.**

The Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) have supported families and workers for decades. They are two of our most effective tools at reducing poverty, while also providing workers and families the tools they need to meet basic needs. In any proposed tax legislation in 2025, Congress has an opportunity to make major improvements to the CTC and EITC that could benefit millions.

- **Make the CTC available to more families working low-wage jobs.** This can be easily achieved by increasing the phase-in rate of the credit. The current phase-in rate leaves 17 million kids out of receiving the full benefit, just because their parents work in low-wage jobs. A family with four kids making \$25,000 per year receives just \$3,375 while a family making \$400,000 per year receives \$8,000.
- **End age restrictions for the EITC.** Currently, the EITC is only available to those between the ages of 25 to 64. This age range leaves out many workers who need the EITC to supplement their low annual income to afford basic needs like food and rent.
- **Increase the EITC for workers who do not claim dependents.** The current maximum credit is only \$600, and few workers qualify for the full benefit. Because their EITC is artificially low, these workers are the only group taxed into poverty each year. The EITC for low-wage workers without dependents should be significantly increased and expanded to allow more workers to qualify for the full benefit.

These credits invest in our families and workforce and help us achieve our shared goal of healthy and prosperous communities. Improving the CTC and EITC in any 2025 tax bill would be an easy way to grow this prosperity.

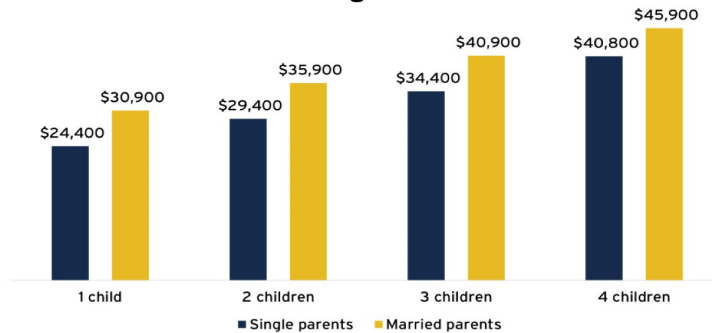
As Congress drafts tax legislation in 2025, it is also critical we pay for these tax priorities smartly. Congress must not cut the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Medicare, Social Security, and other vital programs to pay for more tax cuts. Cutting these programs to expand the CTC and EITC — or, worse, to finance tax cuts for the wealthy — is irresponsible and wrong.

**RESULTS urges you to expand the Child Tax Credit and Earned Income Tax credit for individuals and families with low incomes in any tax legislation this year. At the same time, vital programs like Social Security, Medicare/Medicaid, and SNAP must be protected and not used to finance any tax changes.**

## The phase-in rate determines how much CTC a family gets

The current phase-in rate for the CTC is 15 percent. It begins once a family earns \$2,500 in income. This means that for every dollar earned above \$2,500, a family receives 15 cents of the CTC. Because of this slow phase-in rate, the amount a family must earn to get the full \$2,000 CTC is quite high.

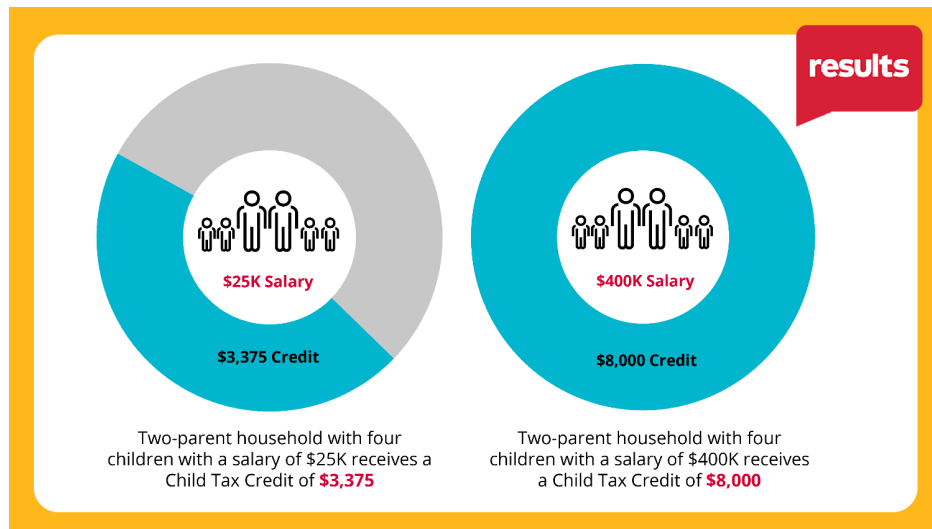
**Chart: Families must earn a lot to get the full CTC**



Note: Children with parents or guardians earning less than \$2,500 are ineligible for the federal Child Tax Credit.  
Source: Institute on Taxation and Economic Policy, Columbia Center on Poverty and Social Policy, 2022

**ITEP**

The slow phase-in rate creates real world problems. For example, a family with four kids making \$25,000 per year receives just \$3,375 while a family making \$400,000 per year receives \$8,000. It is wrong to deny families in low-wage jobs the same credit amount that wealthy families receive. Increasing the phase-in rate ensures these families have the resources they need to care for their children.



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