



# Increase In Disposable Income: Child Tax Credit

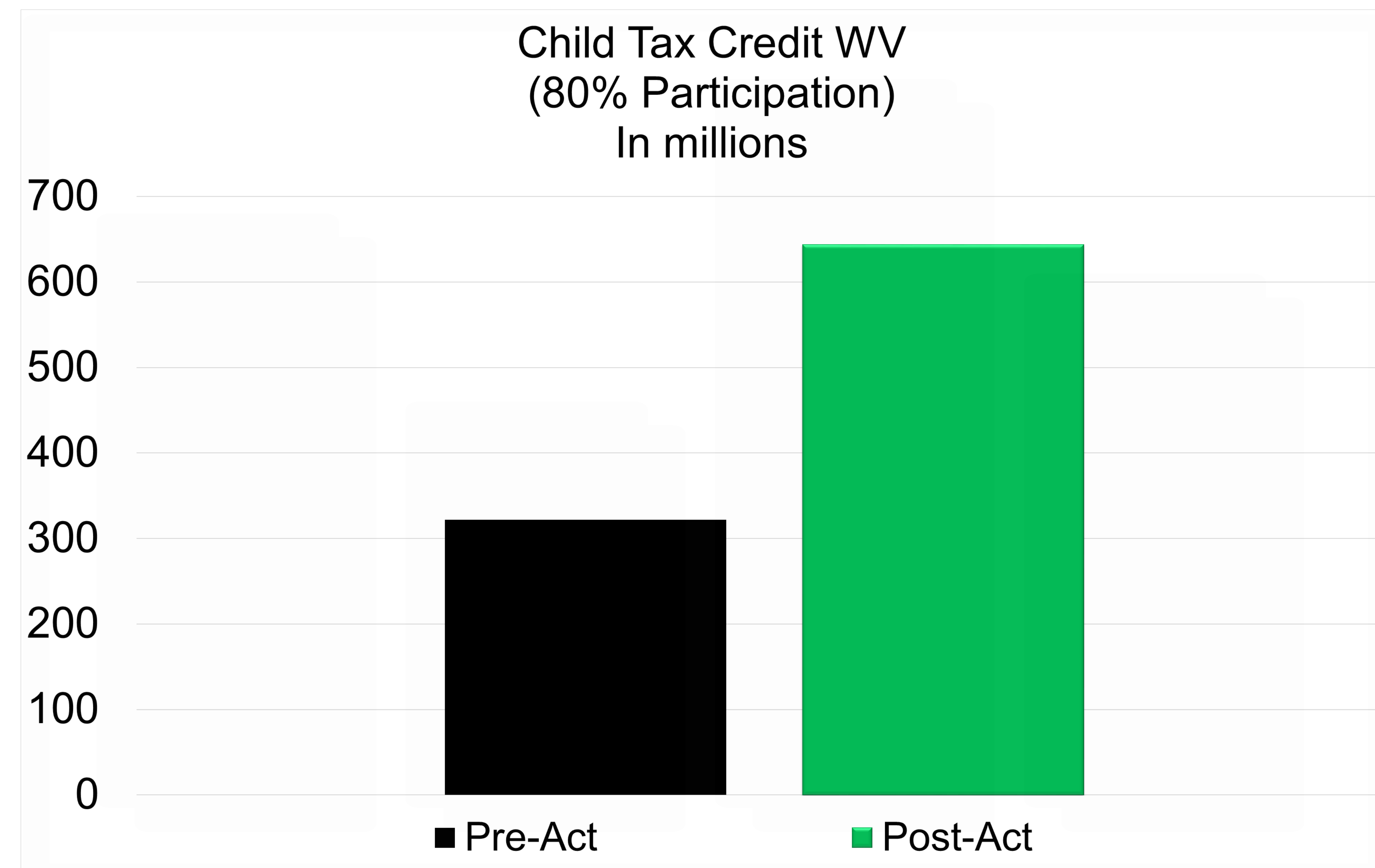


## Hypothesis

The Child Tax Credit will increase disposable income for tax payers awarding them more money to spend on products and services.

## Facts:

- The law became active Jan. 1, 2018 and becomes inactive as of Dec. 31, 2025.
- Maximum refundable credit per qualifying child has increased by 40% to \$1,400.
- The Child Tax Credit has doubled to \$2,000.
- The amount of earned income required has been decreased by 17% to \$2,500
- Modified AGI required for phase out to begin has been increased to \$400,000(MFJ) and \$200,000 (Single).
- Non-child dependents now qualify for a non-refundable \$500 credit.



- 73% families in West Virginia have children 17 and under who are either their own children or a relative.
- 97% of families in WV are estimated to earn less than \$200,000 per year.
- There are 376,960 children in West Virginia, which can yield a potential sum of disposable income of \$753,920,000 at 100% participation and \$603,136,000 at 80% participation.
- The federal government is effectively contributing an additional \$376,960,000, *at 100% participation*, to the economy in West Virginia.

## Discussion:

The Child Tax Credit adds to the list of recent legislation aimed at creating jobs and increasing disposable income. This action increases the taxpayer's participation in the economy. Small businesses are expected to benefit the most from this increase in available funds. They will benefit directly through the availability of the credit on their individual tax returns. Small businesses will benefit indirectly as other taxpayers now have the ability to purchase their products and the products of other vendors, stimulating the economy.

## Data Sources:

Census Bureau  
Internal Revenue Code

Group #12