

**Working Families Tax Relief Act of 2004: Impact on Married Couple with 1
Child that Earns \$20,000 and Takes the Standard Deduction**

	2005 Prior Law	2005 New Law
Income	\$20,000	\$20,000
Personal exemptions	9,600 (3x\$3200)	9,600 (3x\$3200)
Standard deduction	\$8,700	\$10,000
Taxable income	\$1,700	\$400
	[$\$20K - \$9,600 - \$8,700$]	[$\$20K - \$9,600 - \$10K$]
Regular tax	\$170	\$40
	[$10\% \times \$1,700$]	[$10\% \times \$400$]
Child credit	\$700	\$1,000
Potentially refundable child credit	1350	1350
	[$15\% \times (20,000 - 11,000)$]	[$15\% \times (20,000 - 11,000)$]
Tax after credits	(\$530)	(\$960)
Net Federal Income Tax Reduction Under Working Families Tax Relief Act of 2004	\$430	

**Working Families Tax Relief Act of 2004: Impact on Married Couple with 1
Child that Earns \$25,000 and Takes the Standard Deduction**

	2005 Prior Law	2005 New Law
Income	\$25,000	\$25,000
Personal exemptions	9,600 (3x\$3200)	9,600 (3x\$3200)
Standard deduction	\$8,700	\$10,000
Taxable income	\$6,700	\$5,400
	[\$25K -\$9,600-\$8,700]	[\$25K-\$9,600-\$10K]
Regular tax	\$670	\$540
	[10%x\$6,700]	[10%x\$5400]
Child credit	\$700	\$1,000
Potentially refundable child credit	2100	2100
	[15%x(25,000-11,000)]	[15%x(25,000-11,000)]
Tax after credits	(\$30)	(\$460)
Net Federal Income Tax Reduction Under Working Families Tax Relief Act of 2004	\$430	

**Working Families Tax Relief Act of 2004: Impact on Married Couple with 1
Child that Earns \$30,000 and Takes the Standard Deduction**

	2005 Prior Law	2005 New Law
Income	\$30,000	\$30,000
Personal exemptions	9,600 (3x\$3200)	9,600 (3x\$3200)
Standard deduction	\$8,700	\$10,000
Taxable income	\$11,700	\$10,400
	[\$30K -\$9,600-\$8,700]	[\$30K-\$9,600-\$10K]
Regular tax	\$1,170	\$1,040
	[10%x\$11,700]	[10%x\$10,400]
Child credit	\$700	\$1,000
Potentially refundable child credit	2850	2850
	[15%x(30,000-11,000)]	[15%x(30,000-11,000)]
Tax after credits	\$470	\$40
Net Federal Income Tax Reduction Under Working Families Tax Relief Act of 2004	\$430	

**Working Families Tax Relief Act of 2004: Impact on Married Couple with 2
Children that Earns \$30,000 and Takes the Standard Deduction**

	2005 Prior Law	2005 New Law
Income	\$30,000	\$30,000
Personal exemptions	12,800 (4x\$3200)	12,800 (4x\$3200)
Standard deduction	\$8,700	\$10,000
Taxable income	\$8,500	\$7,200
	[\$30K -\$12,800-\$8,700]	[\$30K-\$12,800-\$10K]
Regular tax	\$850	\$720
	[10%x\$8,500]	[10%x\$7,200]
Child credit	\$1,400 (2 kids x \$700)	\$2,000 (2 kids x \$1,000)
Potentially refundable child credit	2850	2850
	[15%x(30,000-11,000)]	[15%x(30,000-11,000)]
Tax after credits	(\$550)	(\$1,280)
Net Federal Income Tax Reduction Under Working Families Tax Relief Act of 2004	\$730	

**Working Families Tax Relief Act of 2004: Impact on Married Couple with 1
Child that Earns \$35,000 and Takes the Standard Deduction**

	2005 Prior Law	2005 New Law
Income	\$35,000	\$35,000
Personal exemptions	9,600 (3x\$3200)	9,600 (3x\$3200)
Standard deduction	\$8,700	\$10,000
Taxable income	\$16,700	\$15,400
	[\$35K -\$9,600-\$8,700]	[\$35K-\$9,600-\$10K]
Regular tax	\$1,905	\$1,580
	[10%x\$12,000+15%x\$4700	[10%x\$14600+15%x800]
]	
Child credit	\$700	\$1,000
Potentially refundable child credit	3600	3600
	[15%x(35,000-11,000)]	[15%x(35,000-11,000)]
Tax after credits	\$1,205	\$580
Net Federal Income Tax Reduction Under Working Families Tax Relief Act of 2004	\$625	

**Working Families Tax Relief Act of 2004: Impact on Married Couple with 2
Children that Earns \$50,000 and Takes the Standard Deduction**

	2005 Prior Law	2005 New Law
Income	50000	50000
Personal exemptions	12800 (4x\$3200)	12800 (4x\$3200)
Standard deduction	8700	10000
Taxable income	28500	27200
	[\$50K -\$12,800-\$8,700]	[\$50K-\$12,800-\$10K]
Regular tax	\$3,675	\$3,350
	[10%x\$12,000 +	[10%x\$14,600 +
	15%x(\$28,500-\$12,000)]	15%x(\$27,200-\$14,600)]
Child credit	\$1,400 (2 kids x \$700)	\$2,000 (2 kids x \$1,000)
Potentially refundable child credit		
Tax after credits	\$2,275	\$1,350
Net Federal Income Tax Reduction Under Working Families Tax Relief Act of 2004	\$925	