

**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	