

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	