

Earned Income Tax Credit (EITC)

Description:

The Earned Income Tax Credit (EITC) is a tax credit for persons who work, but do not earn high incomes. Qualified individuals could pay less federal tax or pay no tax at all; in some cases, they could receive a refund beyond the amount of tax withheld.

Individuals who have raised a qualifying child:

Persons who raise children, including sons, daughters, stepchildren, foster children, brother, sister or any of their descendants can file for an EITC provided the child has lived with the worker for more than six months of the year. An adopted child, including a child placed with an individual for adoption, is treated as the individual's biological child. A foster child is any child placed with the worker by an authorized placement agency or court. Children must be under the age of 19, or 24, if they are full-time students for at least five months of the year. There is no age limit for children with permanent and total disabilities.

Workers who have raised at least one qualifying child can file for an Advanced EITC, which provides them with a portion of their tax credits prior to filing their Federal income tax returns. The Advanced EITC is paid to workers through their paychecks, resulting in larger paychecks throughout the year. Workers with an Advanced EITC are still eligible to file a Federal income tax return and receive a tax refund at the end of the year.

Individuals who have not raised qualifying children:

Workers who do not raise children and legal immigrants may also qualify for an EITC. In most cases the credit does not affect individuals' participation in other programs such as cash assistance, Medicaid, Food Stamps, Social Security Income (SSI) and public or subsidized housing.

Eligibility Requirements, Service Areas and Program Year:

Eligibility Requirements (2008):

Workers raising a qualified child:

- Must file either a Form 1040 or 1040A and complete and attach Schedule EIC (Earned Income Credit).
- Must have earned income from employment or self-employment.
- Workers raising one child in their home, must have an adjusted income of less than \$33,995 if single or Head of Household, \$36,995 if married. Workers raising more than one child in their home must have an adjusted income of less than \$38,646 if single or Head of Household, \$41,646 if married. The maximum credit allowed is \$2,917 for one child and \$4,824 for more than one child.
- For the 2009 Advanced EITC workers must have an adjusted gross income of less than \$35,463 if single and \$38,583 if married.

- Investment income must be no more than \$2,950.
- Income tax filing status cannot be “married, filing separately”.
- Must be a U.S. Citizen or resident alien for the entire year, a non-resident alien married to a U.S. Citizen or a resident alien and file a joint return.
- Worker cannot be a qualifying child of another person.

Workers who do not raise children:

- Individuals must write either “EIC” or the dollar amount of the Earned Income Tax Credit on the Earned Income Tax Credit line of their tax forms. Any tax form can be filed and the Schedule EIC does not need to be attached.
- Must have an adjusted gross income of less than \$12,880 if single and \$15,880 if married. The maximum allowed credit is \$438.
- Must be between the ages of 25 and 65 by the end of the year.
- Must have earned income from employment or self-employment.
- Must be a U.S. Citizen or resident alien for the entire year, a non-resident alien married to a U.S. Citizen or a resident alien and file a joint return.
- Investment income must be \$2,950 or less.
- Income tax filing status cannot be “married, filing separately”.
- Worker cannot be a qualifying child of another person.

Qualifying children:

- Must be a son, daughter, adopted child, grandchild, stepchild or foster child.
- Must have lived with the worker in the U.S. for more than six months of the year.
- Must be younger than age 19 at the end of the calendar year, or younger than age 24 and a full-time student, or any age, if permanently and totally disabled.

Service Areas:

Statewide

Program Year:

January 1 – December 31

Contact Information:

Most tax forms can be obtained from libraries, post offices, local Internal Revenue Service offices or can be downloaded at www.irs.gov.

For more information regarding Earned Income Tax Credit:

Website: www.irs.gov/eitc

Related Information:

N/A