

Be Sure ... Earned Income Tax Credit



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Be Sure to Know Whether You Qualify for the Earned Income Tax Credit

The Earned Income Tax Credit, commonly referred to as EITC, can be a financial boost for working people adversely impacted by hard economic times. However, one in four eligible taxpayers could miss out on the credit because they don't check it out. Here are the top 10 things the Internal Revenue Service wants you to know about this valuable credit, which has been making the lives of working people a little easier for 35 years.

1. Just because you didn't qualify last year, doesn't mean you won't this year. As your financial, marital or parental situations change from year-to-year, you should review the EITC eligibility rules to determine whether you qualify.
2. If you qualify, it could be worth up to \$5,657 this year. EITC not only reduces the federal tax you owe, but could result in a refund. The amount of your EITC is based on the amount of your earned income and whether or not there are qualifying children in your household. New EITC provisions mean more money for larger families.
3. If you qualify, you must file a federal income tax return and specifically claim the credit in order to get it – even if you are not otherwise required to file.
4. Your filing status cannot be Married Filing Separately.
5. You must have a valid Social Security Number. You, your spouse – if filing a joint

- return – and any qualifying child listed on Schedule EIC must have a valid SSN issued by the Social Security Administration.
6. You must have earned income. You have earned income if you work for someone who pays you wages, you are self-employed, you have income from farming, or – in some cases – you receive disability income.
7. Married couples and single people without kids may qualify. If you do not have qualifying children, you must also meet the age and residency requirements as well as dependency rules.
8. Special rules apply to members of the U.S. Armed Forces in combat zones. Members of the military can elect to include their nontaxable combat pay in earned income for the EITC. If you make this election, the combat pay remains nontaxable.
9. It's easy to determine whether you qualify. The EITC Assistant, an interactive tool available on IRS.gov, removes the guesswork from eligibility rules. Just answer a few simple questions to find out if you qualify and estimate the amount of your EITC.
10. Free help is available at volunteer assistance sites and IRS Taxpayer Assistance Centers to help you prepare and claim your EITC. If you are preparing your taxes electronically, the software program you use will figure the credit for you. If you qualify for the credit you may also be eligible for Free File. You can access Free File at IRS.gov.

For more information about the EITC, see IRS Publication 596, Earned Income Credit. This publication – available in both English and Spanish – can be downloaded from IRS.gov or ordered by calling 800-TAX-FORM (800-829-3676).

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