

Step 1 shows that Kyle's AGI, SSN, filing status, and residence make him eligible to claim the EIC. Step 2 shows that his investment income is within the \$2,950 limit and that a child lived with him during the tax year.

## Lines 40a and 40b—Earned Income Credit (EIC)

### What is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

### To Take the EIC:

- Follow the steps below.
- Complete the worksheet on page 42 or let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

For help in determining if you are eligible for the EIC, go to [www.irs.gov/eitc](http://www.irs.gov/eitc) and click on “EITC Assistant.” This service is available in English and Spanish.



*If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, who must file, on page 41. You may also have to pay penalties.*

### Step 1 All Filers

- If, in 2008:
  - 2 children lived with you, is the amount on Form 1040A, line 22, less than \$38,646 (\$41,646 if married filing jointly)?
  - 1 child lived with you, is the amount on Form 1040A, line 22, less than \$33,995 (\$36,995 if married filing jointly)?
  - No children lived with you, is the amount on Form 1040A, line 22, less than \$12,880 (\$15,880 if married filing jointly)?

**Yes.** Continue  **No.** You cannot take the credit.
- Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 41)?

**Yes.** Continue

**No.** You cannot take the credit. Enter “No” to the left of the entry space for line 40a.

- Is your filing status married filing separately?

**Yes.** You cannot take the credit.  **No.** Continue

- Were you or your spouse a nonresident alien for any part of 2008?

**Yes.** See *Nonresident aliens* on page 41.  **No.** Go to Step 2.

### Step 2 Investment Income

- Add the amounts from Form 1040A:

Line 8a \_\_\_\_\_  
 Line 8b + \_\_\_\_\_  
 Line 9a + \_\_\_\_\_  
 Line 10 + \_\_\_\_\_

**Investment Income =**

- Is your investment income more than \$2,950?

**Yes.** You cannot take the credit.  **No.** Go to Step 3.

# DRAFT