



Fact Sheet

Media Relations Office

Washington, D.C.

Media Contact: 202.317.4000

www.IRS.gov/newsroom

Public Contact: 800.829.1040

Earned Income Tax Credit; Do I Qualify?

FS-2015-4, January 2015

The Earned Income Tax Credit (EITC) is a financial boost for people working hard to make ends meet. Millions of workers may qualify for the first time this year due to changes in their marital, parental or financial status.

The IRS urges workers who work for someone else or own or run their own business or farm and earned \$52,427 or less in 2014 to see if they qualify by using the [EITC Assistant](#) on IRS.gov. To get the EITC, workers need to file a return and specifically claim the credit even if they aren't required to file.

The EITC is a refundable tax credit. This means workers may get money back, even if they have no tax withheld. Nationwide last year almost 28 million eligible individuals and families received more than \$66 billion in EITC.

The IRS encourages all those who earned less than \$53,000 to use the EITC Assistant on IRS.gov even if workers have someone else prepare their tax return. The EITC is complex and many special rules apply and taxpayers want to make sure they have all the information needed to claim the credit. The agency also encourages all workers eligible for EITC to seek out free tax help through the [IRS Free File](#) program, or at a local [Volunteer Income Tax Assistant](#) (VITA) site staffed by IRS-trained community volunteers.

EITC and Other Benefit Programs

Refunds received from the EITC or any other tax credit are not used to determine eligibility for any federal or federally funded public benefit program such as Medicaid, Supplemental Security Income (SSI), supplemental nutrition assistance program (food stamps), low-income housing or most Temporary Assistance for Needy Families (TANF) payments. Those who save their tax credit for more than 30 days should contact their state, tribal or local government benefit coordinator to find out if their benefits count as assets.

Unemployment benefits are not earned income and can't be used to claim the EITC. But they are taxable income and may affect the amount of EITC a person may get.

Credit Limits for Tax-Year 2014

The amount of EITC varies based on income, filing status and family size. Those who qualify for EITC for tax year 2014 can get a credit from:

- \$2 to \$496 with no qualifying children.
- \$9 to \$3,305 with one qualifying child.

- \$10 to \$5,460 with two qualifying children.
- \$11 to \$6,143 with three or more qualifying children.

Not everyone qualifies for the maximum credit. Last year, the average credit was \$2,407.

Refunds

Like last year, the IRS expects to issue more than nine out of 10 refunds in less than 21 days. Again, the fastest way to get a refund is to e-file and choose direct deposit. It takes longer to process paper returns and in light of IRS budget cuts resulting in a smaller staff, it will likely take an additional week or more to process paper returns. This means that the IRS expects to issue refunds from paper returns seven weeks or more after receiving the return. Taxpayers can track the status of their refund with the [“Where’s My Refund?”](#) tool available on IRS.gov or on the smartphone app IRS2Go.

Eligibility for EITC

To qualify for EITC, workers must have earned income and adjusted gross income within certain limits; and meet certain basic rules. After meeting the basic rules, the worker must meet additional rules for those without a qualifying child or have a child that meets all the qualifying child rules for the worker or the worker’s spouse, if filing a joint return.

Also, there are [special rules](#) for those in the military, those with certain types of disability income and members of the clergy.

The IRS recommends using the EITC Assistant to help workers navigate through the following rules.

Rules for every worker

- Must have earned income, such as payment from a job, tips or the income from running a business or farm. Most other types of income, such as retirement pensions and unemployment benefits, do not count as earned income.
- Must have a Social Security number that is valid for employment for self, spouse and any qualifying children.
- Must have zero or a small amount of investment income, such as interest from a bank account. The amount of investment income must be \$3,350 or less.
- Must have a filing status of single, head of household, married filing jointly or qualifying widow or widower. A taxpayer who files as married filing separately cannot get the credit.
- Generally, must be either a U.S. citizen or resident alien.
- Cannot be a qualifying child of another person.
- Cannot file Form 2555 or Form 2555-EZ. These forms are used to claim the foreign earned income exclusion.
- Must have earned income of at least \$1 and earned income and adjusted gross income must each be less than the amounts in the following chart.

Filing Status	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Widowed or Head of Household	\$14,590	\$38,511	\$43,756	\$46,997
Married Filing Jointly	\$20,020	\$43,941	\$49,186	\$52,247

Who is a Qualifying Child

People who claim the credit, based on having one or more qualifying children, must meet the relationship, age, residency and joint return tests for each child.

Relationship test. The child must be the taxpayer's:

- son or daughter, including an adopted child or child placed for adoption.
- stepchild.
- foster child placed by an authorized placement agency or court.
- brother, sister, stepbrother, stepsister, half brother, half sister or
- descendant, such as grandchild, niece or nephew.

Age test. At the end of 2014, the child was:

- Younger than the worker (or the worker's spouse if filing a joint return) and
 - under 19 or
 - under 24 and a full-time student
- Any age if permanently and totally disabled.

Residency test. The child lived with the worker (or the worker's spouse if filing a joint return) in the U.S. for more than half of 2014.

Joint Return test. A qualifying child who files a joint return can only do so to claim a refund with neither the child nor child's spouse being required to file.

Only one person can claim the same qualifying child. If a child meets the rules to be a qualifying child of more than one person, only one person can use that child to claim the EITC. Also, if the child qualifies for both a parent and another person, the other person can only get the credit if he or she has a higher Adjusted Gross Income (AGI) than the parent.

Workers without a qualifying child must meet three additional tests

To qualify for the EITC without a qualifying child, a worker:

- Must have lived in the U.S. for more than half of 2014.
- Must be at least age 25, but under age 65 at the end of 2014.
- Cannot qualify as the dependent of another person.

Special Rule for Combat Pay. Combat pay received by members of the military serving in Afghanistan, Iraq and other combat zone localities is usually exempt from tax. But under a special rule, the member of the military can choose to count all of the combat pay as taxable income. Many times claiming the combat pay as taxable income increases the amount of the EITC. It's their choice. IRS recommends using the EITC Assistant to figure out which way results in a larger credit and/or less tax owed.

Avoid Errors and Seek Accuracy

Even if someone else prepares the tax return, taxpayers are still responsible for the accuracy of their own return. Because the EITC is complex, many people claiming it make mistakes. Workers should get help if they are not sure whether they qualify. Common errors include:

- Claiming a child who does not meet all four of the tests for a qualifying child, age, residency, relationship and joint return.
- Filing as single or head of household when married.
- Reporting incorrect income or expense amounts.
- Missing or incorrect Social Security numbers for self, spouse or qualifying children.

Claiming the EITC in Error Can Have Lasting Impact

You are responsible for what's on your return even when someone else prepares it for you. Filing a tax return with an error on your EITC claim can:

- Delay the EITC part of your refund until we correct the error. The delay can take up to several months.
- Cause us to deny all or part of your EITC. If we deny all or a part of EITC:
 - You must pay back the amount of EITC paid in error plus interest.
 - You may need to file the Form 8862, Information to Claim Earned Income Credit after Disallowance, to claim the EITC again.
 - If the error is because of reckless or intentional disregard of the rules, we could ban you from claiming EITC for the next two years.
 - If the error is because of fraud, we could ban you from claiming EITC for the next ten years.

Workers Should Help Preparers File A Return Correctly

If you pay someone to prepare your return, that person and the firm the person works for has some additional responsibility to make sure your return is correct. Expect your preparer, whether you pay or it's free, to ask you many questions to make sure your return is correct. You can help your preparer by answering all questions asked and by bringing all the documents your preparer needs to get the return correct. Find out what documents to bring to your preparer on [irs.gov/eitc](https://www.irs.gov/eitc).

Letter from the IRS

If a taxpayer receives an IRS letter requesting additional information, an immediate response is the best practice to avoid further delaying a refund. If help is needed, the taxpayer should call the phone number on the letter or call the IRS Teletax line at 800-829-4477, to listen to the pre-recorded Topic 654, *Understanding Your CP 75 Notice*.

How to Claim EITC

To claim the EITC, taxpayers need to file a Form 1040, 1040A or 1040EZ. If a taxpayer is claiming the EITC with a qualifying child, the Schedule EIC must be completed and attached to the tax return. [Schedule EIC](#) provides the IRS with information about the qualifying child or children, including their names, ages, SSNs, relationship to the taxpayer and the amount of time they lived with the taxpayer during the year.

How to Get Tax Help

Taxpayers can see if they qualify by using the improved EITC Assistant tool on the IRS website, available in English and Spanish.

Find information on who qualifies for, how to claim and more about EITC on irs.gov/eitc.

Those who qualify for EITC should consider free tax preparation services. Many community and nonprofit organizations provide free tax return preparation for low-income and elderly taxpayers at thousands of volunteer sites nationwide.

The [Volunteer Income Tax Assistance](#) program offers free tax preparation for low-to moderate-income taxpayers. To find a nearby VITA site, visit [IRS.gov](https://irs.gov) and type the word *VITA* in the search box and click on “Free tax return preparation for you by volunteers” or call the IRS at 800-906-9887.

[Tax Counseling for the Elderly](#) offers priority assistance to people who are 60 years of age and older. To find a TCE site, visit the [AARP locator web page](#).

Active duty military members and their families can receive free tax preparation assistance at VITA sites within their installations. The volunteers are trained and equipped to address military specific tax issues.

EITC-eligible workers can also seek free assistance using other IRS options such as [IRS Free File](#), the free tax preparation and electronic filing program, available only at [IRS.gov/freefile](https://irs.gov/freefile) and provided by software companies. Free File, is a public-private partnership that provides a free way to do your federal tax returns either by using brand-name software or online fillable forms. Free File software is available now to more than 100 million individuals and families that earn \$60,000 or less, which is 70 percent of taxpayers. Some software companies are now also offering free state filing to those who are eligible for state EITC.

Many e-file software providers and tax professionals also provide free services for low income taxpayers.

Other Resources

- [EITC Home Page](https://irs.gov/eitc) (irs.gov/eitc)
- [IRS videos](#), available on YouTube, provide information about credits, deductions and tax law changes. The IRS also has videos in Spanish ([IRS videos Multilingua](#)) and American Sign Language ([IRS videos ASL](#)).
- [IRS audio files](#), informal tax messages in English and Spanish, to use for podcasts or to play on a portable device.
- [Publication 596](#), Earned Income Tax Credit offers a detailed overview of EITC, the eligibility rules and instructions on how to claim it.
- [@IRSnews](#) and [@IRSenEspanol](#), the IRS Twitter news feeds, provide the latest federal tax news and information for taxpayers in English and Spanish.