



Fact Sheet

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Earned Income Tax Credit; Do I Qualify?

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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 \$53,267 or less in 2015 to see if they qualify by using the [EITC Assistant](#) on IRS.gov. To get the EITC, workers need to file a tax return and complete Schedule EIC to 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 due. Nationwide last year more than 27.5 million eligible individuals and families received almost \$66.7 billion in EITC.

The IRS encourages all those who earned less than \$54,000 to use the EITC Assistant on IRS.gov even if workers have someone else prepare their tax return. 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 [free tax preparation 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 2015

The amount of EITC varies based on income, filing status and family size. Those who qualify for EITC for tax year 2015 can get a credit from:

- \$2 to \$503 with no qualifying children.
- \$9 to \$3,359 with one qualifying child.
- \$10 to \$5,548 with two qualifying children.
- \$11 to \$6,242 with three or more qualifying children.

Not everyone qualifies for the maximum credit. Last year, the average credit was over \$2,400.

Refunds

The IRS expects to issue more than nine out of 10 refunds in less than 21 days. However, it's possible that a tax return may require additional review and take longer. The quickest way to get a refund is to e-file and choose direct deposit. Taxpayers can track the status of their refund with the "[Where's My Refund?](#)" tool available on IRS.gov or on the IRS 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. Then, 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 \$3,400 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.
- Earned income and adjusted gross income must both be less than the amounts shown below.

The IRS reminds taxpayers to be sure they have valid Social Security numbers in hand for themselves, as well as each qualifying child, before they file their return. Moreover, to get the EITC on a 2015 return, they must get these SSNs before the tax-filing deadline (April 18, 2016 for most people or Oct. 17, 2016 for those who get extensions).

Filing Status	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Widowed or Head of Household	\$14,820	\$39,131	\$44,454	\$47,747
Married Filing Jointly	\$20,330	\$44,651	\$49,974	\$53,267

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 2015, 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 2015.

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 2015.
- Must be at least age 25, but under age 65 at the end of 2015.
- Cannot qualify as the dependent of another person.

Special Rule for Combat Pay. Combat pay received by members of the military is usually exempt from tax, but under a special rule, they can choose to count all of the combat pay as taxable income to increase the amount of the EITC. The IRS recommends using the EITC Assistant to figure out which way results in a larger credit or less tax owed.

Avoid Errors and Seek Accuracy

Taxpayers are always 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.

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- 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

The taxpayer is always responsible for what's on their return even when someone else prepares the return. Filing a tax return with an error on the EITC claim can:

- Delay the EITC part of the refund until the IRS corrects the error. The delay can take up to several months.
- Cause the IRS to deny all or part of the EITC. If this happens, the taxpayer:
 - Must pay back the amount of EITC paid in error plus interest.
 - 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, the IRS could ban the taxpayer from claiming EITC for the next two years.
 - If the error is because of fraud, the ban could last the next 10 years.

Workers Should Help Preparers File A Return Correctly

Where a taxpayer pays someone to prepare their return, that person and the firm the person works for has some additional responsibility to make sure the return is correct. Expect any preparer, whether paid or it's free, to ask many questions. Help them by answering all questions and by bringing all the documents the preparer needs to get the return correct. Find out what documents to bring by visiting [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.

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.

Find information on who qualifies for, how to claim and more about EITC on [irs.gov/eitc](https://www.irs.gov/eitc).

Those who qualify for EITC should consider free tax preparation services. Many 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://www.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](#) and provided by software companies. Free File, is a public-private partnership that provides a free way to do a federal tax return either by using brand-name software or online fillable forms. Free File software is available now to millions of individuals and families that earn \$62,000 or less. Some software companies also offer 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.

Qualify for EITC? See what [other tax credits](#) are available.

Related items:

- [EITC Home Page](#) (irs.gov/eitc)
- [IRSVideos](#), available on YouTube, provide information about credits, deductions and tax law changes. The IRS also has videos in Spanish ([IRSVideosMultilingua](#)) and American Sign Language ([IRSVideosASL](#)).
- [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 [@IRSenEspañol](#), the IRS Twitter news feeds, provide the latest federal tax news and information for taxpayers in English and Spanish.