

IRS News Release

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EITC Awareness Day: Many Workers May Not Know of Significant IRS Benefit

IRS YouTube Video:

Earned Income Tax Credit: [English](#) | [Spanish](#) | [ASL](#)

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WASHINGTON — The Internal Revenue Service is partnering with community-based organizations across the country to promote Earned Income Tax Credit Awareness Day, an effort to alert millions of low and moderate-income workers who may be missing out on a significant tax credit that can be as much as \$6,000.

Millions of workers who earned \$52,427 or less last year may qualify for EITC for the first time in 2015, making awareness of the credit critical. About a third of the people eligible for EITC fluctuate each year based on changes to their marital, parental and financial status. All across the United States, local officials and community organizations are holding events highlighting this key benefit.

“About four out of five eligible workers and families get the credit they earned. That leaves millions missing EITC every year,” said IRS Commissioner John Koskinen. “It’s an important credit and one of the government’s best tools to fight poverty.”

Last year, almost 28 million eligible workers and families received \$66 billion total in EITC, with an average EITC amount of \$2,400.

The IRS website is a valuable first stop to help taxpayers get it right this filing season, from information on claiming the EITC, to learning about the Affordable Care Act (known as the health care law), to finding [free tax help](#). The IRS encourages everyone to use the [EITC Assistant](#) on IRS.gov/eitc, an interactive tool to find out if they are eligible for the credit. The IRS website also provides helpful information on the health care law and how it may affect tax returns at IRS.gov/aca. There is also an [interactive tool](#) that helps individuals determine if they are eligible for the premium tax credit. And qualified taxpayers may also find a free tax return preparation site on IRS.gov/vita.

The amount of EITC varies depending on income, family size and filing status. Those who work for someone else or those who run a business or farm and who earned \$52,427 or less during 2014 could receive larger refunds if they qualify for the EITC. This could mean up to \$496 in EITC for people without children, and a maximum credit of up to \$6,143 for those with three or more qualifying children.

The EITC is refundable. This means those eligible may get a refund from the IRS even if they owe no tax or had no taxes withheld from their paycheck.

Workers potentially eligible to claim the credit should visit [IRS.gov/eitc](https://www.irs.gov/eitc) to learn if they qualify, how to claim the credit and more. The EITC Assistant will also determine their filing status, if they have a qualifying child or children and estimate the amount of the EITC they could get. If an individual doesn't qualify for EITC, the Assistant explains why and a summary of the results can be printed.

Get the Credit — How to Claim the EITC

To get the EITC, workers must file a tax return, even if they are not legally required to file, and specifically claim the credit. Free tax help is available to those eligible for the EITC:

- [Free File on IRS.gov](#) Free brand-name tax software walks people through a question and answer format to help them prepare their returns and claim every credit and deduction for which they are eligible. Free File also provides online versions of IRS paper forms, an option called [Free File Fillable Forms](#) which is best suited for taxpayers comfortable preparing their own returns.
- [Free tax preparation sites](#) EITC-eligible workers can seek free tax preparation at thousands of Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites. Taxpayers can locate the nearest site using a [search tool](#) on IRS.gov or through the [IRS2go smartphone application](#).

It is important for taxpayers to bring along all the required [documents and information](#) to make sure they get the EITC they deserve. Also, those who bought coverage through the Health Insurance Marketplace should receive [Form 1095-A, Health Insurance Marketplace Statement](#), from their Marketplace in early February. It's important to also bring the Form 1095-A to the volunteer site. Any taxpayer who does not receive it by early February should contact their Marketplace, not the IRS. The IRS will not have access to the information on the form.

Like last year, the IRS expects to issue more than nine out of 10 [refunds](#) within 21 days. The IRS reminds taxpayers that the fastest way to get a refund is to e-file their tax return and choose direct deposit. It takes longer to process paper returns. Because of budget cuts resulting in a smaller staff, it will likely take an additional week or more to process paper returns, meaning that those refunds are expected to be issued in seven weeks or more. Taxpayers can track the status of their refund with the "[Where's My Refund?](#)" tool available on IRS.gov or on IRS2go.

Similar Benefits Available Through the Health Care Law

The Affordable Care Act requires that a taxpayer and each member of his or her family have [qualifying health insurance coverage](#) for each month of the year, qualify for [an exemption](#) from the coverage requirement, or make [an individual shared responsibility payment](#) when filing a federal income tax return.

Premium Tax Credits If taxpayers bought coverage through the Health Insurance Marketplace, they should receive *Form 1095-A, Health Insurance Marketplace Statement* from their Marketplace by early February. They should save this form because it has important information needed to complete their tax returns.

If a taxpayer is expecting to receive Form 1095-A and has not received it by early February, they should contact the Marketplace where the coverage was purchased. Due to the fact that the IRS does not have this information, it is recommended that taxpayers contact the appropriate marketplace.

Anyone who benefited from advance payments of the [premium tax credit](#) must file a federal income tax return. The taxpayer will need to reconcile those advance payments with the amount of premium tax credit they're entitled to based on actual income. As a result, some people may see a smaller or larger tax refund or tax liability than they were expecting. When filing their return, taxpayers will use *IRS Form 8962, Premium Tax Credit (PTC)*, to calculate the premium tax credit and reconcile the credit with any advance payments.

The Affordable Care Act requires that a taxpayer and each member of his or her family either has [qualifying health insurance coverage](#) for each month of the year, qualifies for [an exemption](#), or makes [an individual shared responsibility payment](#) when filing a federal income tax return.

Reporting requirements Most taxpayers will simply check a box on their tax return to indicate that each member of their family had qualifying health coverage for the whole year. No further action is required. [Qualifying health insurance coverage](#) includes coverage under most, but not all, types of health care coverage plans. Taxpayers can use the chart on [IRS.gov/aca](#) to find out if their insurance counts as qualifying coverage.

Exemptions A taxpayer may be eligible to claim an [exemption](#) from the requirement to have coverage. If eligible for an exemption, the taxpayer will need to complete the new *IRS Form 8965, Health Coverage Exemptions* and attach it to their return. The individual must apply for some exemptions through the [Health Insurance Marketplace](#). However, most of the exemptions are easily obtained from the IRS when filing a tax return.

Individual Shared Responsibility Payment If an individual does not have qualifying coverage or an exemption for each month of the year, they will need to make an individual shared responsibility payment when filing their return for choosing not to purchase coverage. Examples and information about figuring the payment are available on the [IRS Calculating the Payment](#) page. More information about the Affordable Care Act and the 2014 income tax return is available at [IRS.gov/aca](#).

Get It Right

Taxpayers are responsible for the accuracy of their tax return even if someone else preparers it for them. The rules for EITC are complicated. The IRS urges taxpayers to seek help if they are unsure of their eligibility, whether from a [paid tax professional](#) or at a free

tax return preparation site. Deliberate [errors](#) can have lasting impact on future eligibility to claim EITC and leave taxpayers with a penalty.

Taxpayers should reply promptly to any letter from the IRS requesting additional information about EITC. If taxpayers need assistance or have questions, they should call the number on the IRS letter.

More information on EITC

- Fact Sheet
- [IRS.gov/eitc](https://www.irs.gov/eitc) – Detailed EITC eligibility rules.
- EITC Central at www.eitc.irs.gov – Helpful resources for IRS partners and anyone interested in spreading the word about this benefit.
- [Pub. 596](#), Earned Income Credit (EIC)