

 Fact Sheet

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## Do I Qualify for the Earned Income Tax Credit?

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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 \$53,505 or less in 2016 to see if they qualify by using the [EITC Assistant](#) on IRS.gov.

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 million eligible individuals and families received almost \$67 billion in EITC.

EITC is complex and many special rules apply. For that reason, the agency encourages all eligible workers 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.

### Credit Limits for Tax-Year 2016

The amount of EITC varies based on income, filing status and family size. Those who qualify for EITC for tax year 2016 can get a credit from:

- \$2 to \$503 with no qualifying children
- \$9 to \$3,373 with one qualifying child
- \$10 to \$5,572 with two qualifying children
- \$11 to \$6,269 with three or more qualifying children

Not everyone qualifies for the maximum credit. Last year, the average credit was over \$2,455.

### Qualifying for EITC

To qualify, 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.

**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.

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, often increasing the amount of the EITC. There are also special rules for those with certain types of disability income and members of the clergy.

To learn more about eligibility, visit [IRS.gov/EITC](http://IRS.gov/EITC) and click on [Who Qualifies for EITC](#). Again, the EITC Assistant can help workers navigate the rules.

### Social Security Numbers Required for Everyone

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The IRS reminds taxpayers to be sure they have valid Social Security Numbers in hand for themselves, as well as for each qualifying child, before they file their return. Moreover, to get the EITC on a 2016 return, they must get these SSNs before the tax-filing deadline (April 18, 2017 for most people or Oct. 16, 2017 for those who get extensions).

## **Refunds Delayed**

A new law requires the IRS to hold refunds from returns claiming the EITC and the Additional Child Tax Credit (ACTC) until Feb. 15. By law, the IRS must hold the entire refund — even the portion not associated with EITC or ACTC. This change helps ensure taxpayers receive the refund they are owed by giving the agency more time to help detect and prevent fraud.

Even so, taxpayers can still get their refunds sooner by choosing direct deposit. The IRS will begin releasing these refunds on Feb. 15, but taxpayers should not expect to see [them deposited into](#) their bank accounts until the week of Feb. 27 – assuming there are no processing issues with the tax return.

[Where's My Refund?](#) on IRS.gov and the [IRS2Go mobile app](#) will be updated with projected deposit dates for early EITC / ACTC refund filers a few days after Feb. 15.

## **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.

## **Avoid Errors**

Taxpayers are always responsible for the accuracy of their own return even when someone else prepares the 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**

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 have 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](#).

## **Letter from the IRS**

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In some cases, a taxpayer may receive a letter from the IRS requesting additional information. To avoid a refund delay, the IRS says be sure to respond promptly to any of these letters. If the taxpayer needs help, they should call the phone number on the letter. For further tips on responding to these letters, visit [IRS.gov/EITC](https://www.irs.gov/EITC) and click on [EITC Notices](#).

## How to Claim the 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 [EITC Assistant tool](#) on IRS.gov. Find information on who qualifies, how to claim, and more about EITC on [irs.gov/eitc](https://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://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 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 \$64,000 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](https://irs.gov/eitc) ([irs.gov/eitc](https://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, can be used 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.