

Q&A



Life's a little easier with



The EITC is for people who earn less than \$55,952. If you qualify, it could be worth as much as \$6,557 this year. So you could pay less federal tax or even get money back. The EITC provides a boost to help pay your bills or save for a rainy day.

Just imagine what you could do with EITC.



See if you qualify.
www.irs.gov/eitc



What is the EITC?

The EITC is a credit for people who work for someone else, or are self-employed, or received certain disability payments. To qualify, the amount of income you earned must be less than \$55,952. This year, the credit ranges from \$2 to \$6,557. The amount depends on:

- whether you are single or married
- if you have no children or the number of children you have
- the amount you earned.

You have to file a federal tax return to get the EITC even if you owe no tax and are not required to file. The EITC is a boost to help pay your bills, fix up your place or save for a rainy day.

Am I eligible for the EITC in 2019?

You may be if you meet the rules to claim the credit.

- You must have earned income from employment or self-employment.
- Your earned and total income must be less than:
 - » \$15,570 (\$21,370 if married filing a joint return) with no qualifying children,
 - » \$41,094 (\$46,884 if married filing a joint return) with one qualifying child,
 - » \$46,703 (\$52,493 if married filing a joint return) with two qualifying children,
 - » \$50,162 (\$55,952 if married filing a joint return) with three or more qualifying children.
- Your investment income (such as interest) must be \$3,600 or less.
- Your filing status cannot be married filing separately.
- You must be a U.S. citizen or resident alien all year, or a nonresident alien married to a U.S. citizen or resident alien and filing a joint return.
- You and your spouse, if you file a joint return, must each have a Social Security number that is valid for employment issued on or before the due date of the return (including extensions).
- You and your spouse, if you file a joint return, may not be a qualifying child of another person.
- You, and your spouse, if you file a joint return, must have a qualifying child or you must:
 - » be at least age 25 but under 65 at the end of the year,
 - » live in the United States* for more than half the year, and
 - » not qualify as a dependent of another person.

* U.S. military personnel on extended active duty outside the United States are considered to live in the United States while on extended active duty.

Who is a qualifying child?

A child who meets the relationship, age, residency and joint return tests is a qualifying child. Your credit amount may be larger if you have a child who meets all the following:

- Is your son, daughter, stepchild, eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them.
- At the end of the year was:
 - » younger than you (or your spouse if filing a joint return) and under age 19, or
 - » younger than you (or your spouse if filing a joint return), under age 24 and a full-time student, or
 - » any age if permanently and totally disabled at any time during the year.
- Must not have filed a joint return, unless the return was filed to receive a refund only and neither your child or your child's spouse is required to file a tax return.
- Lived with you in the United States for more than half the year.
- Must have a Social Security number that is valid for employment issued on or before the due date of the return (including extensions).

An adopted child, including a child placed with you for adoption, is treated as your own child.

An eligible foster child is a child placed with you by an authorized placement agency or a court.

What if I have the same qualifying child as someone else?

If two or more persons have the same qualifying child for EITC, child tax credit/credit for other dependents/additional child tax credit, head of household filing status, or credit for child and dependent care expenses, only one person can claim the child as a qualifying child for all these benefits. Special rules apply for parents who are divorced, separated or who are living apart. See Publication 596 for more information. A person who is not the parent of the child must have a higher AGI, Adjusted Gross Income, than the parent.

Otherwise, you decide who will claim the benefits, including EITC, using that qualifying child. If you cannot agree, and more than one person uses the same child, the tiebreaker rules apply.

What are the tiebreaker rules?

Sometimes a child meets the rules to be a qualifying child of more than one person. If so, generally, only one person may claim the child as a qualifying child for all of the following tax benefits if the person is otherwise eligible for the benefits:

- EITC,
- Child tax credit/credit for other dependents/additional child tax credit,
- Head of household filing status,
- Credit for child and dependent care expenses, and
- Exclusion for dependent care benefits.

See the tiebreaker rules below for which person may claim the child as a qualifying child when a child meets the definition of a qualifying child for more than one person. Also, note that a person who may not claim a child as a qualifying child under the tiebreaker rules may qualify to claim the EITC under the rules for a taxpayer without a qualifying child. See Publication 596 for more information.

Under the tiebreaker rules, the child is treated as a qualifying child of:

- The parents, if they file a joint return together and claim the child as a qualifying child;
- The parent, if only one of the persons is the child's parent and the parent claims the child as a qualifying child;
- The parent with whom the child lived longer during the tax year, if the child's parents do not file a joint return together and both parents claim the child;
- The parent with the higher AGI, if the child lived with each parent for the same amount of time during the tax year and if the child's parents do not file a joint return together and both parents claim the child as a qualifying child;
- The person with the highest AGI, if no parent may claim the child as a qualifying child; or
- The person with the highest AGI, if a parent may claim the child as a qualifying child but no parent claims the child as a qualifying child, but only if that person has AGI higher than any parent who may claim the child as a qualifying child.

What is a valid Social Security number?

You (and your spouse if filing a joint return) must have a SSN that is valid for employment to claim EITC. Any qualifying child listed on Schedule EIC must also have a SSN that is valid for employment. All SSNs used to claim the EITC must be issued on or before the due date of the return (including extensions). You may not later claim any of these credits on an amended return or a late original return with an SSN issued after this time. SSNs are issued only by the Social Security Administration. To get one, you must prove your U.S. citizenship or immigration status, age and identity.

- If you are an alien who is not a permanent resident and have a Social Security card that says VALID FOR WORK ONLY WITH DHS AUTHORIZATION, you have a valid SSN for the EITC.
- If you obtained your SSN only to receive a federally funded benefit, such as Medicaid, it is not valid for claiming the EITC. The Social Security card usually says NOT VALID FOR EMPLOYMENT.
- If you (or your spouse if filing a joint return) have an ITIN, Individual Taxpayer Identification Number, it is not valid for claiming the EITC.
- If a child has an ITIN or an ATIN, Adoption Taxpayer Identification Number, it is not valid for claiming that child for the EITC.

What is earned income?

It is income you get from working for yourself or for an employer. Here are examples of earned income:

- Wages, salaries, tips, and other taxable employee pay
- Union strike benefits
- Long-term disability benefits received prior to minimum retirement age
- Net earnings from self-employment may include income from:
 - » Owning or running a business or farm
 - » Working as a minister or member of a religious order
 - » Working as a statutory employee
- Earned income does not include:
 - » Pay received for work while an inmate in a penal institution
 - » Nontaxable employee benefits such as education assistance
 - » Alimony or child support
 - » Temporary Assistance for Needy Families (TANF)
 - » Interest and dividends
 - » Retirement income
 - » Social security
 - » Unemployment benefits,

Special earned income rules apply for members of the U.S. Armed Forces in combat zones, members of the clergy, and those with disability retirement income.

How do I figure my EITC?

If you qualify to claim it, you can figure the credit yourself or have the IRS do it for you. You can use the EITC Assistant at www.irs.gov/eitc to help you or Publication 596, *Earned Income Credit*, for requirements, worksheets and examples.

Keep in mind:

- If you are claiming a qualifying child, you must complete and attach Schedule EIC to your return.
- If your EITC was denied or reduced by the IRS because of an audit, you may need to attach Form 8862, *Information to Claim Certain Credits After Disallowance*, to your return.

When should I file my EITC return?

File your tax return as soon as you have all the information you need about how much you earned. However, refunds for returns claiming the EITC can't be issued before mid-February 2020. This delay applies to the entire refund, not just the portion associated with the EITC. See "How can I get help?" and "What is a valid Social Security Number?" for more information.

What happens if your EITC claim has errors?

Be careful claiming the EITC. If the IRS audits your return and your EITC claim has errors, you must pay back the amount of the EITC you received in error plus interest. You may also have to file Form 8862, *Information To Claim Certain Credits After Disallowance*, before claiming the EITC again. The IRS may also charge you an accuracy penalty or a fraud penalty. Also, if the IRS finds your incorrect claim was due to reckless or intentional disregard of rules and regulations or fraud, we may ban you from claiming the EITC for 2 years or 10 years, depending on the reason for the error.

How can I get help?

- Go to www.irs.gov/eitc for free information and to check out the interactive EITC Assistant to see if you qualify and estimate the amount of your EITC.
- Visit a Volunteer Income Tax Assistance (VITA) site for free tax help and preparation. Go to www.irs.gov/VITA or call 1-800-906-9887 to find a site.
- Use Free File at www.irs.gov/FreeFile for free online filing through commercially available tax preparation software.
- Go to www.irs.gov/chooseataxpro to help locate a qualified tax return preparer.
- Call 1-800-829-4059 if you have access to TTY/TDD equipment for the hearing impaired.