

Earned Income Credit Advance Payment Certificate

1994

Instructions

Changes To Note

If you do not have a qualifying child (defined later), you may be able to claim the earned income credit on your 1994 tax return. But you **cannot** get advance payments of the credit unless you have a qualifying child. Also, the extra credit for a child born during the year and the health insurance credit are no longer allowed.

Purpose

Use Form W-5 if you are eligible to get part of the earned income credit (EIC) in advance with your pay and choose to do so. If you choose not to get advance payments, you can still claim the EIC on your 1994 tax return.

What Is the EIC?

The EIC is a refundable tax credit for certain workers. For 1994, the EIC can be as much as \$2,038 if you have one qualifying child; \$2,528 if you have more than one qualifying child; \$306 if you do not have a qualifying child.

Who Is Eligible To Get Advance EIC Payments?

You are eligible to get advance EIC payments if **all three** of the following apply:

1. You have a qualifying child.
2. You expect that your 1994 earned income and adjusted gross income will each be less than \$23,755 (including your spouse's income if you expect to file a joint return).
3. You expect to be able to claim the EIC for 1994. To find out if you may be

able to claim the EIC, answer the questions on page 2. If you expect to file **Form 2555**, Foreign Earned Income, or **Form 2555-EZ**, Foreign Earned Income Exclusion, for 1994, you **cannot** claim the EIC.

How Do I Get Advance EIC Payments?

If you are eligible to get advance EIC payments for 1994, you may be able to get up to \$102 a month added to your take-home pay. To get advance EIC payments, fill in the Form W-5 at the bottom of this page. Then, detach it and give it to your employer. If you get advance payments, you **must** file a 1994 Form 1040A or Form 1040.

You may have only **one** Form W-5 in effect with a current employer at one time. If you and your spouse are both employed, each of you should file a separate Form W-5.

This Form W-5 expires on December 31, 1994. If you are eligible to get advance EIC payments for 1995, you must file a new Form W-5 next year.

Note: You may be able to get a larger credit when you file your 1994 return. For details, see **Additional Credit** on page 2.

Who Is a Qualifying Child?

Any child who meets **all three** of the following conditions is a **qualifying child**:

1. The child is your son, daughter, adopted child, stepchild, foster child, or a descendant (for example, your grandchild) of your son, daughter, or adopted child.

Note: An **adopted child** includes a child placed with you by an authorized placement agency for legal adoption even if the adoption isn't final. A **foster child** is any child you cared for as your own child.

2. The child is under age 19 or a full-time student under age 24 at the end of 1994, or is permanently and totally disabled.

3. The child either lives with you in the United States for more than half of 1994 (for all of 1994 if a foster child) OR was born, or died, in 1994 and your home in the United States was the child's home for the entire time he or she was alive.

Note: Temporary absences such as for school, medical care, or vacation count as time lived with you.

Married Child.—If the child is married at the end of 1994, the child is a qualifying child only if you may claim the child as your dependent or the **Exception** below applies to you.

Exception. You are the custodial parent and would be able to claim the child as your dependent but the noncustodial parent claims the child as a dependent because—

- You signed **Form 8332**, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child for 1994, or
- You have a pre-1985 divorce decree or separation agreement that allows the noncustodial parent to claim the child and he or she gives at least \$600 for the child's support in 1994.

(Continued on page 2)

Give the lower part to your employer; keep the top part for your records.

Detach along this line

Earned Income Credit Advance Payment Certificate

► This certificate expires on December 31, 1994.

OMB No. 1545-1342

1994

Type or print your full name

Your social security number

Note: If you get advance payments of the earned income credit for 1994, you **must** file a 1994 Form 1040A or Form 1040. To get advance payments, your filing status must be any status **except** married filing a separate return and you **must** have a qualifying child.

	Yes	No
1 I expect to be able to claim the earned income credit for 1994, I do not have another Form W-5 in effect with any other current employer, and I choose to get advance EIC payments.		
2 Do you have a qualifying child?		
3 Are you married?		
4 If you are married, does your spouse have a Form W-5 in effect for 1994 with any employer?		

Under penalties of perjury, I declare that the information I have furnished above is, to the best of my knowledge, true, correct, and complete.

Signature ►

Date ►

Questions To See If You May Be Able To Claim the EIC for 1994

	Yes	No
<p>1 Do you have a qualifying child? Read Who Is A Qualifying Child? on page 1 before you answer this question. If the child is married, be sure you also read Married Child on page 1</p> <ul style="list-style-type: none"> ● If you answered No, stop here. You may be able to claim the EIC but you cannot get advance EIC payments. ● If you answered Yes, continue. <p>Caution: <i>If the child is a qualifying child for both you and another person, the child is your qualifying child only if you expect your 1994 adjusted gross income to be higher than the other person's adjusted gross income. If the other person is your spouse and you expect to file a joint return for 1994, this rule doesn't apply.</i></p>		
<p>2 Do you expect your 1994 filing status to be Single, Married filing a joint return, Head of household, or Qualifying widow(er) with dependent child?</p> <ul style="list-style-type: none"> ● If you answered No because you expect your 1994 filing status to be Married filing a separate return, stop here. You cannot claim the EIC. ● If you answered Yes, continue. 		
<p>3 Do you expect that your 1994 earned income and adjusted gross income will each be less than \$23,755 (less than \$25,296 if you have more than one qualifying child)? If you expect to file a joint return for 1994, include your spouse's income when answering this question</p> <p>TIP: To find out what is included in adjusted gross income, you can look at page 1 of your 1993 Form 1040EZ, Form 1040A, or Form 1040.</p> <ul style="list-style-type: none"> ● If you answered No, stop here. You cannot claim the EIC. ● If you answered Yes, continue. But remember, you cannot get advance EIC payments if you expect your 1994 earned income or adjusted gross income will be \$23,755 or more. 		
<p>4 Do you expect to be a qualifying child of another person for 1994?</p> <ul style="list-style-type: none"> ● If you answered No, you may be able to claim the EIC. ● If you answered Yes, you cannot claim the EIC. 		

(Instructions continued)

Qualifying Child of More Than One Person.—If the child is a qualifying child of more than one person, only the person with the **highest** adjusted gross income for 1994 may treat that child as a qualifying child. If the other person is your spouse and you expect to file a joint return for 1994, this rule doesn't apply.

Reminder.—You must usually get a social security number for a qualifying child born before 1994.

What If My Situation Changes?

If your situation changes in 1994 after you give Form W-5 to your present employer, you usually will have to file a new Form W-5. For example, you should file a new Form W-5 if any of the following applies:

- Your situation changes so that your answer to question 1 above becomes "No." On line 2 of your new Form W-5, check the "No" box.
- Your situation changes so that your answer to question 2 or 3 above becomes "No," or your answer to question 4 becomes "Yes." On line 1 of your new Form W-5, check the "No" box.
- You no longer want to get advance payments. On line 1 of your new Form W-5, check the "No" box.

- Your spouse files Form W-5 with his or her employer. On line 4 of your new Form W-5, check the "Yes" box.

Note: *If you get the EIC in advance with your pay and later find out that you are not eligible, you must pay it back when you file your 1994 Federal income tax return.*

**Additional Information
How To Claim the EIC**

Fill in and attach **Schedule EIC** to your 1994 Form 1040 or Form 1040A. In addition to other information, the social security number of your qualifying child born before 1994 must generally be shown on Schedule EIC.

Additional Credit

You may be able to claim a larger credit when you file your 1994 tax return because you may not get more than \$1,223 of the EIC in advance with your pay. You may also be able to claim a larger credit if you have more than one qualifying child. But you must file your 1994 tax return to claim any additional credit.

Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of

the United States. Internal Revenue Code sections 3507 and 6109 and their regulations require you to provide the information requested on Form W-5 and give the form to your employer if you want advance payment of the EIC. As provided by law, we may give the information to the Department of Justice and other Federal agencies. In addition, we may give it to cities, states, and the District of Columbia so they may carry out their tax laws.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 7 min.; **Learning about the law or the form**, 9 min.; and **Preparing the form**, 26 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Attention: Reports Clearance Officer, PC:FP, Washington, DC 20224; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-1342), Washington, DC 20503. **DO NOT** send this form to either of these offices. Instead, give it to your employer.