

1997 Form W-5



Department of the Treasury
Internal Revenue Service

Instructions

Purpose

Use Form W-5 if you are eligible to get part of the EIC in advance with your pay and choose to do so. The amount you can get in advance generally depends on your wages. If you are married, the amount of your advance EIC payments also depends on whether your spouse has filed a Form W-5 with his or her employer. However, your employer cannot give you more than \$1,326 throughout 1997 with your pay.

If you do not choose to get advance payments, you can still claim the EIC on your 1997 tax return.

What Is the EIC?

The EIC is a credit for certain workers. It reduces tax you owe. It may give you a refund even if you don't owe any tax. For 1997, the EIC can be as much as \$2,210 if you have one qualifying child; \$3,656 if you have more than one qualifying child; \$332 if you do not have a qualifying child. But you **cannot** get **advance** EIC payments unless you have a qualifying child. See **Who Is a Qualifying Child?** on this page.

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 at least one qualifying child.
2. You expect that your 1997 earned income and modified AGI (adjusted gross income) will each be less than \$25,760. Include your spouse's income if you plan to file a joint return. As used on this form, earned income does not include amounts inmates in penal institutions are paid for their work. For most people, **modified AGI** is the same as adjusted gross income.

(You can look at page 1 of your 1996 tax return to find out what is included in adjusted gross income.) However, if you plan to file a 1997 Form 1040, see the 1996 Form 1040 instructions to figure your modified AGI.

3. You expect to be able to claim the EIC for 1997. To find out if you may be able to claim the EIC, answer the questions on page 2.

How Do I Get Advance EIC Payments?

If you are eligible 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 1997 Federal income tax return.

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, you should file separate Forms W-5.

This Form W-5 expires on December 31, 1997. If you are eligible to get advance EIC payments for 1998, you must file a new Form W-5 next year.

(TIP) You may be able to get a larger credit when you file your 1997 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 is not final. A **foster child** is any child you cared for as your own child.

2. The child is under age 19 at the end of 1997, or under age 24 at the end of 1997 and a full-time student, or any age at the end of 1997 and permanently and totally disabled.

3. The child lives with you in the United States for over half of 1997 (for all of 1997 if a foster child). If the child does not live with you for the required time because the child was born or died in 1997, the child is considered to have lived with you for all of 1997 if your home was the child's home for the entire time he or she was alive in 1997.

Note: *Temporary absences such as for school, medical care, or vacation count as time lived at home. Members of the military on extended active duty outside the United States are considered to be living in the United States.*

Married child.—If the child is married at the end of 1997, that child is a qualifying child only if you may claim him or her as your dependent, **or** the following **Exception** 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—

1. 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 1997, **or**

2. 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 1997.

Qualifying child of more than one person.—If the child is a qualifying child of more than one person, only the person

(Continued on page 2)

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

Detach here

Form **W-5**

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Type or print your full name

Earned Income Credit Advance Payment Certificate

- ▶ Give this certificate to your employer.
- ▶ This certificate expires on December 31, 1997.

OMB No. 1545-1342

1997

Your social security number

Note: If you get advance payments of the earned income credit for 1997, you **must** file a 1997 Federal income tax return. To get advance payments, you **must** have a qualifying child and your filing status must be any status **except** married filing a separate return.

	Yes	No
1 I expect to be able to claim the earned income credit for 1997, 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 1997 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 1997

Caution: You **cannot** claim the EIC if you plan to file either **Form 2555** or **Form 2555-EZ** (relating to foreign earned income) for 1997. You also **cannot** claim the EIC if you are a nonresident alien for any part of 1997 unless you are married to a U.S. citizen or resident and elect to be taxed as a resident alien for all of 1997.

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.

- No. Stop.** You may be able to claim the EIC but you **cannot** get advance EIC payments.
 Yes. Go to question 2.

Caution: If the child is a qualifying child for both you and another person, the child is your qualifying child only if you expect your 1997 modified AGI to be **higher** than the other person's modified AGI. If the other person is your spouse and you expect to file a joint return for 1997, this rule does not apply.

2 Do you expect your 1997 filing status to be Married filing a separate return?

- Yes. Stop.** You **cannot** claim the EIC.
 No. Go to question 3.

(TIP) If you expect to file a joint return for 1997, include your spouse's income when answering questions 3 and 4.

3 Do you expect that your 1997 earned income and modified AGI (see page 1) will each be less than \$25,760 (less than \$29,290 if you have more than one qualifying child)?

- No. Stop.** You **cannot** claim the EIC.
 Yes. Go to question 4. But remember, you **cannot** get advance EIC payments if you think your 1997 earned income or modified AGI will be \$25,760 or more.

4 Do you expect that your 1997 investment income will be more than \$2,250? For most people, investment income is the total of their taxable interest and dividends and tax-exempt interest. However, if you plan to file a 1997 Form 1040, see the 1996 Form 1040 instructions to figure your investment income.

- Yes. Stop.** You **cannot** claim the EIC.
 No. Go to question 5.

5 Do you expect that you (or your spouse if filing a joint return) will be a qualifying child of another person for 1997?

- No.** You may be able to claim the EIC.
 Yes. You **cannot** claim the EIC.

with the **highest** modified AGI for 1997 may treat that child as a qualifying child. If the other person is your spouse and you plan to file a joint return for 1997, this rule does not apply.

Reminder.—Your qualifying child must have a social security number.

What If My Situation Changes?

If your situation changes after you give Form W-5 to your employer, you will probably need to file a new Form W-5. For example, you should file a new Form W-5 if any of the following applies for 1997.

- You no longer have a qualifying child. Check "**No**" on line 2 of your new Form W-5.
- You no longer expect to be able to claim the EIC for 1997. Check "**No**" on line 1 of your new Form W-5.
- You no longer want advance payments. Check "**No**" on line 1 of your new Form W-5.
- Your spouse files Form W-5 with his or her employer. Check "**Yes**" on line 4 of your new Form W-5.

Note: If you get the EIC with your pay and find you are not eligible, you must pay it back when you file your 1997 Federal income tax return.

Additional Information

How To Claim the EIC

If you are eligible, claim the EIC on your 1997 tax return. See your 1997 instruction booklet.

Additional Credit

You may be able to claim a larger credit when you file your 1997 tax return because your employer cannot give you more than \$1,326 of the EIC throughout the year 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 1997 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.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

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**, 27 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the form to this address. Instead, give it to your employer.

