

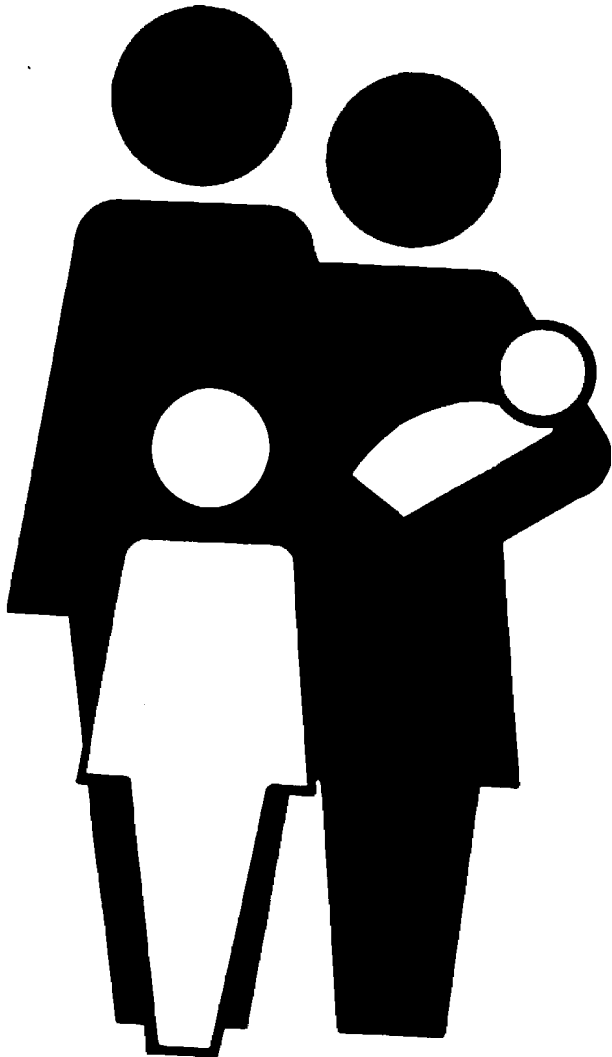


Department of the Treasury
Internal Revenue Service

Publication 596
Cat. No. 15173A

Earned Income Credit

For use in preparing
1995 Returns



*The Government
May Owe You
Money!!*

In 1995, if You...

- **Earned less than \$24,396 and have one qualifying child living with you,**
or
- **Earned less than \$26,673 and have more than one qualifying child living with you,**
or
- **Earned less than \$9,230 and do not have a qualifying child**



Then you may be entitled to the Earned Income Credit. Read this Publication and find out.

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Important Changes for 1995

Increased earned income credit amount. If you have one qualifying child, the maximum credit has increased from \$2,038 in 1994 to \$2,094 in 1995. If you have two or more qualifying children, the maximum credit has increased from \$2,528 in 1994 to \$3,110 in 1995. If you do not have a qualifying child, the maximum credit has increased from \$306 in 1994 to \$314 in 1995.

Increased amount you can earn. The amount of income you can earn and still get the credit has increased. If you have one qualifying child, you can earn less than \$24,396. If you have two or more qualifying children, you can earn less than \$26,673. If you do not have a qualifying child, you can earn less than \$9,230.

Certain nonresident aliens cannot claim the earned income credit. If you are a nonresident alien for any part of the year, you **cannot** claim the earned income credit unless you are married to a U.S. citizen or resident and both you and your spouse choose to be treated as residents for the entire year. See *Nonresident Alien* under *Who Can Claim the Credit* in Part I or Part II for more information.

More military personnel may be able to get the credit. If you are in the U.S. military on extended active duty outside the United States, you are considered to live in the United States during that duty period, and you may be able to claim the earned income credit as long as

you meet all the other rules. See *Military Personnel* in Part I or Part II for a definition of “extended active duty.”

Social security numbers. You must provide a correct and valid social security number for each person listed on your tax return who was born **before November 1, 1995**. This includes qualifying children listed on Schedule EIC, yourself, your spouse, and dependents. If a social security number is missing or incorrect, the processing of your return will be delayed. See *Social Security Number* on page 5.

New legislation for tax year 1996. Beginning in 1996, you cannot claim the earned income credit if your investment income is more than \$2,350. **Investment income** includes taxable interest and dividends, tax-exempt interest, and net income from rents and royalties. Rents and royalties received in a trade or business are not investment income.

Important Reminders

Advance payment of the earned income credit in your paycheck. If you qualify for the earned income credit, you can receive part of it in each paycheck throughout the year. See *Part III. Advance Earned Income Credit Payments*, for more information.

Form 1040EZ. If you do not have a qualifying child, you can use Form 1040EZ to claim the credit. See *How To Claim the Credit* on page 27.

Schedule EIC and the Earned Income Credit Worksheet (EIC Worksheet). Only persons who have a qualifying child must fill out Schedule EIC, *Earned Income Credit (Qualifying Child Information)* and attach it to Form 1040 or Form 1040A. You cannot use Form 1040EZ if you have a qualifying child. Schedule EIC contains only information about your qualifying child and cannot be used to figure the amount of your credit. To figure the amount of your credit, you must use the EIC Worksheet. The Worksheet can be found in the instructions for Form 1040, 1040A, or 1040EZ. Do not attach the Worksheet to your tax return.

If you do not want to figure the credit yourself, the Internal Revenue Service can figure it for you. See *IRS Will Figure Your Credit for You* on page 13 or 27.

Income earned by an inmate at a penal institution. Amounts prisoners receive for their work while inmates at a penal institution do not qualify for the earned income credit.

Credit has no effect on certain welfare benefits. The earned income credit and the advance earned income credit payments you receive will not be used to determine whether you are eligible for the following benefit programs, or how much you can receive from the programs:

- Aid to Families With Dependent Children (AFDC),
- Medicaid,
- Supplemental Security Income (SSI),
- Food stamps, and
- Low-income housing.

Introduction

The earned income credit is a special credit for certain persons who work. The credit reduces the amount of tax you owe (if any) and is intended to offset some of the increases in living expenses and social security taxes.

This publication is divided into three parts. In order to know which part you should read, you need to know if you have a qualifying child.

Do you have a qualifying child? Basically, a qualifying child is a child who:

- 1) Is your son, daughter, adopted child, grandchild, stepchild, or eligible foster child, **and**
- 2) Was (at the end of 1995) under age 19, under age 24 and a full-time student, or permanently and totally disabled at any age during the year, **and**
- 3) Lived with you in the United States for more than half of 1995 (for all of 1995 if the child is your eligible foster child). For purposes of the earned income credit, U.S. military personnel stationed outside the United States on extended active duty are considered to live in the United States during that duty period.

See *Who Is a Qualifying Child?* on page 6 for further information.

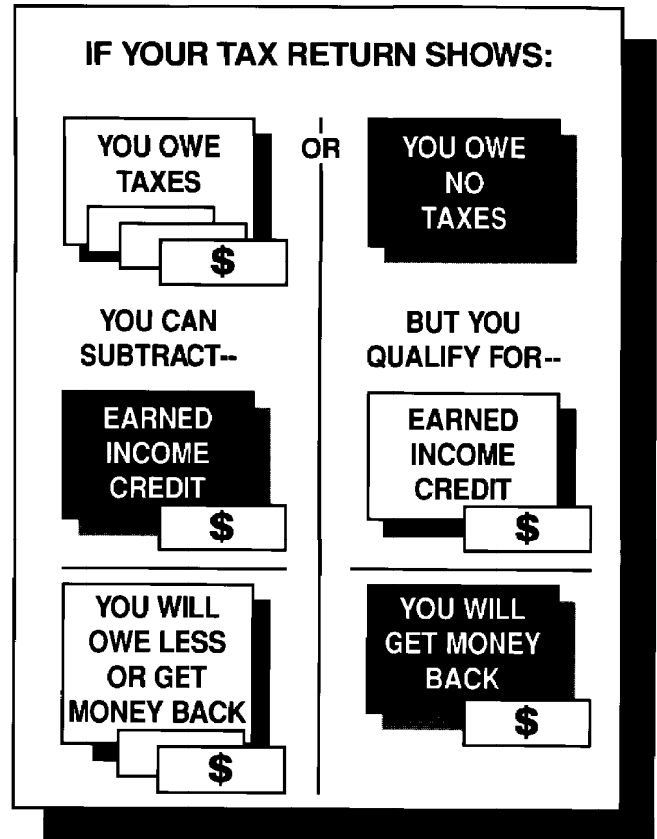
Unmarried couples living together. Generally, only one person may claim the credit when unmarried couples live together and have a child living with them. If the child is a qualifying child for both persons, only the person with the higher adjusted gross income may be eligible to claim the credit. The person with the lower adjusted gross income cannot claim the credit under the rules in either Part I or Part II. Adjusted gross income can be found on line 31 (Form 1040), line 16 (Form 1040A), or line 4 (Form 1040EZ).

Which part of the publication is for you? After you have decided if you have a qualifying child, go to the part of this publication that applies to you:

- **Part I.** *Persons With a Qualifying Child* on page 4
- **Part II.** *Persons Without a Qualifying Child* on page 18
- **Part III.** *Advance Earned Income Credit Payments* on page 31

Each Part will contain all the information you need to get the credit. Go to the Part that applies to you. Read:

- **Part I** if you earned less than \$24,396 and had a qualifying child living with you in 1995.
- **Part I** if you earned less than \$26,673 and had more than one qualifying child living with you in 1995.
- **Part II** if you earned less than \$9,230 and did not have a qualifying child in 1995.
- **Part III** if you want to know more about getting part of the earned income credit in your pay **NOW** instead of waiting for the entire credit after filing your tax return.



How Do I Get This Credit? To get the credit you must:

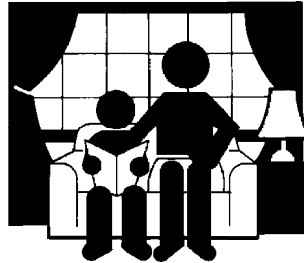
- 1) File a tax return—even if
 - You do not owe any tax, or
 - You did not earn enough money to file a return.
- 2) Meet certain rules. These rules are explained in Part I (page 4) or Part II (page 18) under *Who Can Claim the Credit?*
- 3) Fill out the EIC Worksheet to figure the credit amount and where to enter it on Form 1040, 1040A, or 1040EZ. Fill out Schedule EIC and attach it to Form 1040 or 1040A only if you have a qualifying child.

A Qualifying Child Must Meet Three Tests:

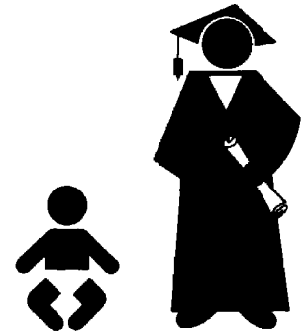
1. Relationship



2. Residency



3. Age



- 4) **An easier way**— Let the Internal Revenue Service figure the credit for you. See *IRS Will Figure Your Credit for You* on page 13 or 27.

Ordering publications and forms. To order free publications and forms, call 1-800-TAX-FORM (1-800-829-3676). If you have access to TDD equipment, you can call 1-800-829-4059. See your tax package for the hours of operation. You can also write to the IRS Forms Distribution Center nearest you. Check your income tax package for the address.

If you have access to a personal computer and a modem, you can also get many forms and publications electronically. See *How To Get Forms and Publications* in your Form 1040 or 1040A tax package for details.

Asking tax questions. You can call the IRS with your tax question Monday through Friday during regular business hours. Check your telephone book or your tax package for the local number or you can call 1-800-829-1040 (1-800-829-4059 for TDD users).

Part I. Persons With a Qualifying Child

If you do not have a qualifying child, go to *Part II. Persons Without a Qualifying Child* on page 18. If you do not know if your child is a qualifying child, see *Who Is a Qualifying Child* on page 6.

Once you determine that your child is a qualifying child, then read this section to see if you meet the other rules to get the credit.

In this section, the amount of credit you get depends on how many qualifying children you have. You could get

up to \$2,094 if you have one qualifying child or up to \$3,110 if you have more than one qualifying child.

Unmarried couples living together. Generally, only one person may claim the credit when unmarried couples live together and have a child living with them. If the child is a qualifying child for both persons, only the person with the higher adjusted gross income may be eligible to claim the credit. The person with the lower adjusted gross income cannot claim the credit under the rules in either Part I or Part II. Adjusted gross income can be found on line 31 (Form 1040), line 16 (Form 1040A), or line 4 (Form 1040EZ).

Who Can Claim the Credit?

Generally, if you are a nonresident alien for any part of the year, you cannot claim the credit. See *Nonresident Alien* on page 5.

To claim the earned income credit, you must meet **all** the following rules:

- 1) You must have a qualifying child who lived with you in the United States for more than half the year (the whole year for an eligible foster child). For purposes of the earned income credit, U.S. military personnel stationed outside the United States on extended active duty are considered to live in the United States during that duty period. See *Birth or death of a child* on page 6, *Social Security Number and Military Personnel* on page 5 for more information.
- 2) You must have earned income during the year.
- 3) Your earned income and adjusted gross income must each be less than:
 - \$24,396 if you have one qualifying child, or
 - \$26,673 if you have more than one qualifying child

- 4) Your filing status can be any filing status **EXCEPT** married filing a separate return. See *Married Persons Living Apart* on page 6 for an exception.
- 5) You cannot be a qualifying child of another person.
- 6) Your qualifying child cannot be the qualifying child of another person whose adjusted gross income is more than yours.
- 7) You usually must claim a qualifying child who is married as a dependent. See *Qualifying child who is married*, on page 6 for an exception.
- 8) You are not filing Form 2555, *Foreign Earned Income*, (or Form 2555–EZ, *Foreign Earned Income Exclusion*). These forms are filed to exclude from your gross income any income earned in foreign countries, or to deduct or exclude a foreign housing amount. U.S. possessions are not foreign countries. See Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*, for more information.

Important note. If you meet *all* these rules, fill out Schedule EIC and attach it to either Form 1040 or Form 1040A. Also complete the EIC Worksheet to figure the amount of your credit. If you have a qualifying child, you cannot claim the credit on Form 1040EZ.

Enter “NO” next to line 57 (Form 1040) or line 29c (Form 1040A) if you **cannot** claim the credit because:

- 1) Your total taxable and nontaxable income was \$24,396 or more if you have one qualifying child (or \$26,673 or more if you have more than one qualifying child),
- 2) You were a qualifying child for another person in 1995, or
- 3) Your qualifying child was also the qualifying child of another person whose adjusted gross income is higher than yours.

Social Security Number

You must provide a correct and valid social security number (SSN) for each person listed on your tax return who was born before November 1, 1995. Enter the SSN for your qualifying child on Schedule EIC, line 4. If your qualifying child is also your dependent, enter the SSN on Schedule EIC, line 4, and on line 6c of Form 1040 or 1040A.

If you or your child do not have an SSN, apply for one by filing **Form SS–5** with your Social Security Administration.

Refund could be delayed. If you do not provide correct and valid social security numbers, the processing of your return will be delayed.

If the filing deadline is approaching and you still do not have an SSN, you have two choices:

- 1) Request an automatic extension (Form 4868) to August 15. This extension does not give you extra time

to pay any tax owed. You should pay any amount you expect to owe to avoid interest or penalty charges (see the instructions for Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*), or

- 2) File the return on time, without Schedule EIC; then file an amended return (Form 1040X) after receiving the SSN.

Military Personnel

Beginning in 1995, U.S. military personnel stationed outside the United States on extended active duty are considered to live in the U.S. during that duty period for purposes of the earned income credit.

Extended active duty. Extended active duty means you are called or ordered to duty for an indefinite period or for a period of more than 90 days. Once you begin serving your extended active duty and you serve less than 90 days, you are still considered to have been on extended active duty.

Note. See Publication 3, *Tax Information for Military Personnel (Including Reservists Called to Active Duty)*, for more information and examples on claiming the earned income credit.

Nonresident Alien

Beginning in 1995, if you are a nonresident alien for any part of the year, you **cannot** claim the credit unless you are:

- 1) You are married to a U.S. citizen or a resident alien, **and**
- 2) You and your spouse choose to be treated as resident aliens for the entire year.

If you make this choice, you and your spouse are taxed on your worldwide income. You cannot claim any tax treaty benefits as a resident of a foreign country during the tax year in which the choice is in effect.

How to make the choice. To make the choice, file a joint return for the first tax year for which the choice applies and attach a statement. The statement should contain the following:

- 1) A declaration that one spouse was a nonresident alien and the other spouse a U.S. citizen or resident alien on the last day of your tax year, and that you choose to be treated as U.S. residents for the entire tax year, and
- 2) The name, address, and social security number of each spouse.

For more detailed information, get Publication 519, *U.S. Tax Guide for Aliens*.

Married Persons Living Apart

Married persons living apart usually must file a joint return to claim the earned income credit. Even though you are married, you may file as head of household and claim the credit on your return if:

- 1) Your spouse did not live in your home at any time during the last 6 months of the year,
- 2) You paid more than half the cost to keep up your home for the entire year, and
- 3) Your home was, for more than half the year, the main home of your child, stepchild, adopted child, or foster child. You also must be entitled to claim an exemption for your child.

You will meet (3) even if you cannot claim an exemption for your child because:

- You released your claim in writing to the other parent by filling out **Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents** or a similar written statement, or
- There is a pre-1985 agreement (decree of divorce or separate maintenance or written agreement) granting the exemption to your child's other parent.

Who Is a Qualifying Child?

You have a qualifying child if your child meets three tests. They are:

- 1) Relationship,
- 2) Residency, and
- 3) Age.

Each test has separate rules.

Important note. Your qualifying child does not necessarily have to be your dependent. See *Qualifying child who is married* under 1. Relationship Test.

If your child does not meet all three tests of a qualifying child, then you cannot claim the credit for persons with a qualifying child. However, you might qualify for the credit if you do not have a qualifying child and your earned income is under \$9,230. See *Part II. Persons Without a Qualifying Child* for more information.

1. Relationship Test

To meet the relationship test, the child must be your:

- Son, daughter, or adopted child (or a descendant of your son, daughter, or adopted child—for example, your grandchild),
- Stepson or stepdaughter, or
- Eligible foster child (this could include a niece, nephew, brother, sister, cousin, etc.).

Adopted child. Your adopted child includes a child placed with you for adoption by an authorized placement agency, even if the adoption is not final.

Eligible foster child. For purposes of the earned income credit, a person is your eligible foster child if:

- 1) The child lived with you and was a member of your household for the **whole** year, **and**
- 2) You cared for that child as you would your own child.

As long as both (1) and (2) are met, any person can be your “eligible foster child.” The eligible foster child does not have to be related to you.

Qualifying child who is married. You generally **must** claim an exemption for your married qualifying child. If you cannot claim an exemption for your married qualifying child, you may still get the earned income credit if you meet either of the following:

- 1) You cannot claim your child's exemption because you gave that right to your child's other parent by filling out **Form 8332**, or a similar written statement, or
- 2) You cannot claim your child's exemption because you gave that right to your child's other parent in a pre-1985 agreement (such as a separation agreement or divorce decree).

If you need more information about either of these exceptions or when you can claim an exemption for your child, see Publication 501, *Exemptions, Standard Deduction, and Filing Information* or Publication 504, *Divorced or Separated Individuals*.

2. Residency Test

To meet the residency test, there are two rules:

- 1) You must have a child who lived with you for more than half the year (the whole year if your child is an eligible foster child), and
- 2) The home must be in the United States (one of the 50 states or the District of Columbia). For purposes of the earned income credit, U.S. military personnel stationed outside the United States on extended active duty are considered to live in the United States during that duty period.

To meet the residency test, you do not need a traditional home. For example, if your child lived with you for more than half the year in a homeless shelter, the residency test is met.

Birth or death of a child. You will meet the rule for a child living with you for more than half the year if:

- The child was alive for half the year or less during the year, **and**

- The child lived with you for the part of the year he or she was alive.

If your qualifying child is an eligible foster child, you will meet the rule for a child living with you for the whole year if:

- The child was born or died during the year, **and**
- The child lived with you for the part of 1995 year he or she was alive.

Temporary absences. You will meet the residency test if you or the qualifying child is away from home on a temporary absence due to a special circumstance. Examples of a special circumstance include:

- Illness,
- Attending school,
- Business,
- Vacation, or
- Military service.

3. Age Test

To meet the age test, your child must meet one of three rules.

- 1) The child must be under age 19 at the end of the year,
- 2) The child must be a full-time student under age 24 at the end of the year, or
- 3) The child must be permanently and totally disabled at any time during the tax year, regardless of age.

Full-time student. Your child is a full-time student if he or she:

- Was enrolled as a student at a school during any 5 months of 1995 for the number of hours or classes that the school considers to be full time, or
- Took a full-time, on-farm training course during any 5 months of 1995. The course had to be given by a school or a state, county, or local government agency.

School. A school includes technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

Permanently and totally disabled. Your child is permanently and totally disabled if both the following apply:

- 1) He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
- 2) A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Other Rules for a Qualifying Child

The next two items explain what happens if:

- 1) You are a qualifying child of another person, and

- 2) You and someone else have the same qualifying child.

1. Qualifying child of another person. If you are a qualifying child of another person, then you cannot claim the earned income credit—no matter how many qualifying children you have.

Example. In 1995, you and your daughter lived with your mother. You are 22 years old and attended a trade school full time. You had a part-time job and earned \$5,700. You had no other income. Your mother worked and earned \$16,000.

Your daughter is your qualifying child. Your mother meets all the rules for the earned income credit. Both you and your daughter are qualifying children of your mother.

You cannot claim the earned income credit in 1995 because you are your mother's qualifying child.

2. Qualifying child for more than one person. If you and someone else have the same qualifying child, then only the person with the higher adjusted gross income may be able to claim the credit. This is true even if the person with the higher adjusted gross income does not meet all the rules (page 4) to claim the credit. Adjusted gross income is the amount on Form 1040, line 31, or Form 1040A, line 16.

Example 1. You and your son lived with your mother in 1995. You are 25 years old. Your only income was \$9,300 from a part-time job. Your mother's only income was \$15,000 from her job.

Your son is a qualifying child for both you and your mother. However, because you both have the same qualifying child, only one of you can claim the credit. Because your mother's adjusted gross income (\$15,000) is more than your adjusted gross income (\$9,300), only your mother can claim the earned income credit in 1995. You cannot claim the credit in 1995.

Example 2. Use the same facts from *Example 1*, except that your mother's adjusted gross income is now \$27,000.

Your mother cannot claim the earned income credit because her adjusted gross income is more than \$24,396. Even though your mother cannot claim the earned income credit, you cannot claim the credit either, because your mother's adjusted gross income is more than yours.

Example 3. You and your sister shared a household for all of 1995. You have 3 young children who lived in the household all year. Your sister does not have any children. However, she cares for your children as if they were her own. You earn \$12,000 and she earns \$13,000.

The children meet the age and residency tests for both you and your sister. They meet the relationship test for you because they are your children. They also meet the relationship test for your sister because they lived with her in the same household for the whole year. She cared for them as if they were her own. Therefore, they qualify as her eligible foster children.

Your children are qualifying children for both you and your sister. However, because your sister's adjusted gross income is higher than yours, she is the only one who can claim the credit.

Who can claim a dependency exemption for the children is generally not an issue (in this case) when claiming the earned income credit.

Remember— Schedule EIC has spaces to enter the names of only 2 children. In this example there are 3 children. You cannot split the qualifying children. Your sister's higher adjusted gross income entitles her to the credit for the children even though only 2 names appear on Schedule EIC.

Example 4. You, your spouse, and your son lived together until July 1995, when your spouse moved out of the household. In November 1995, you and your spouse were divorced. Your earned income and adjusted gross income were \$13,000. Your former spouse's earned income and adjusted gross income were \$15,000. Your son is a qualifying child for both you and your former spouse, because your son lived with each of you for more than half the year. However, because your former spouse's adjusted gross income (\$15,000) was more than your adjusted gross income (\$13,000), only your former spouse can claim the earned income credit in 1995. You cannot claim the credit in 1995.

Important note. If the other person is your spouse and you file a joint return, this rule does not apply.

What Is Earned Income?

As you already know, you must have a qualifying child living with you to qualify for the earned income credit in this Part I. But you also must work and have earned income. There are two ways to get earned income.

- 1) You work for someone who pays you, or
- 2) You work in a business you own.

That's why this credit is called the earned income credit. What is "earned income?" This section will explain what counts as earned income in order to get the earned income credit. For examples of what is and is not earned income see *Table 1*.

What Counts as Earned Income

To get the earned income credit, earned income includes all the income you get from working—even if it is not taxable. The paragraphs that follow will explain some items that are considered earned income when figuring the credit.

Earned income that is not taxed. As you can see, *Table 1* includes some earned income that is not taxed. Earned income that is not taxed still counts as earned income when figuring the amount of your earned income credit.

To figure the earned income credit, you add the amounts of earned income that are not taxed to any amounts of taxable earned income you received during the year. You do this by putting the amount of your earned income that is not taxed on:

- Line 4 of the EIC Worksheet in the Form 1040 instructions and enter the type and amount in the spaces on line 57, Form 1040, or
- Line 4 of the EIC Worksheet in the Form 1040A instructions and enter the type and amount in the spaces on line 29c, Form 1040A.

Special note for military personnel. Pay earned in a combat zone, basic quarters and subsistence allowances, and the value of in-kind quarters and subsistence are all earned income that is not taxed but must be used when you figure the earned income credit. These amounts will be on your W-2 in box 13 under code "Q". See Publication 3 for more detailed information.

Disability payments. If you retired on disability, payments you receive are considered earned income until you reach minimum retirement age. Minimum retirement age generally is the earliest age at which you can receive a pension or annuity if you are not disabled. You must report your taxable disability payments on line 7 of either Form 1040 or Form 1040A until you reach minimum retirement age.

There Are Two Ways To Get Earned Income. You Must Work:

1)

For Someone Who Pays You



or

2)

In A Business You Own

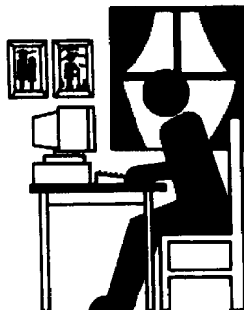


Table 1. Examples of Earned Income When Figuring the Earned Income Credit

Earned Income	
Includes:	Does not include:
<p>TAXABLE EARNED INCOME (Enter on EIC Worksheet, Line 1)*</p> <p>Wages, salaries, and tips</p> <p>Union strike benefits</p> <p>Long-term disability benefits received prior to minimum retirement age</p> <p>Net earnings from self-employment (enter on line 5 of the Form 1040 EIC Worksheet)</p>	<p>Interest and dividends</p> <p>Social security and railroad retirement benefits</p> <p>Welfare benefits (including AFDC payments)</p> <p>Pensions or annuities</p> <p>Veterans' benefits</p> <p>Workers' compensation benefits</p> <p>Alimony</p> <p>Child support</p> <p>Unemployment compensation (insurance)</p> <p>Taxable scholarship or fellowship grants that are not reported on Form W-2</p> <p>Variable housing allowance for the military</p> <p>Earnings for work performed while an inmate at a penal institution</p>
<p>NONTAXABLE EARNED INCOME (Enter on line 4 of the EIC Worksheet)*</p> <p>* Voluntary salary deferrals (for example: under a 401(k) plan or the Federal Thrift Savings Plan)</p> <p>* Pay earned in a combat zone (box 13, code Q, of your W-2)</p> <p>* Basic quarters and subsistence allowances and in-kind quarters and subsistence for the U.S. Military (box 13, code Q, of your W-2)</p> <p>* The value of meals or lodging provided by an employer for the convenience of the employer</p> <p>* Housing allowance or rental value of a parsonage for the clergy (see "Ministers and members of religious orders")</p> <p>* Excludable dependent care benefits (line 19 of either Form 2441 or Schedule 2)</p> <p>* Voluntary salary reductions such as under a cafeteria plan</p> <p>Anything else of value you get from someone for services you performed even if it is not taxable</p>	
<p>* If you want IRS to figure your credit for you, enter the amount and type of your nontaxable earned income on line 8 (Form 1040EZ), line 29c (Form 1040A), or line 57 (Form 1040). For more information see, "IRS Will Figure Your Credit for You" in this publication.</p>	

Beginning on the day after you reach minimum retirement age, payments you receive are taxable as a pension and are not considered earned income. Report taxable pension payments on Form 1040, lines 16a and 16b (or Form 1040A, lines 11a and 11b).

Cafeteria plans. If your employer offers a benefit plan that allows you to "pick and choose" among two or more

benefits consisting of cash and certain employee benefits that are not taxed, you are probably participating in a cafeteria plan. Some of the benefits that may be offered include:

Accident or health insurance

Dependent care assistance.

If you choose a benefit that is not taxed (such as accident and health insurance) and agree to a voluntary salary reduction for the benefit, the amount of the salary reduction is earned income when figuring this credit.

Community property laws. If you live in a state that has community property laws for married persons, do not follow those community property laws when using your earned income to figure your earned income credit.

Earnings while an inmate at a penal institution. Amounts paid to inmates in penal institutions for their work is not earned income when figuring the earned income credit. If the total on line 7 (Form 1040A or 1040) includes such income, subtract that income from the total on line 7. Enter the result on line 1 of the EIC worksheet in your form instruction package. Also, enter "PRI" and the amount subtracted in the space to the left of line 7 (Form 1040 and 1040A).

Household employees. If you were a household employee who did not receive a Form W-2 because your employer paid you less than \$1,000, be sure to include the actual amount on line 7 (Form 1040 or 1040A). Then, write "HSH" and the amount not reported on Form W-2 in the space to the left of line 7 (Form 1040 or 1040A).

Native Americans. Native Americans who receive income exempt from federal income tax under the Internal Revenue Code or because of a treaty, agreement, Act of Congress, or other federal law may qualify for the earned income credit. The requirements for claiming the earned income credit for Native Americans are the same as those for everyone else.

One of the requirements for the earned income credit is that you must have "earned income." All wages, salaries, tips, and other employee compensation are earned income, even if they are not taxed. Thus, nontaxable treaty, etc., income is earned income if it is compensation for services performed as an employee. However, nontaxable income received for performing services as a self-employed individual is not earned income when figuring the earned income credit.

Important note. If you are not self-employed, a statutory employee (explained on page 11), or a minister or member of a religious order, skip *If you own your business* and begin reading the section called *How To Figure the Credit* on page 12.

If you own your business. If you own your business, you are self-employed. You must include your net earnings from self-employment in earned income, even if the amount is less than \$400. Net earnings is the amount you get after you subtract your business expenses and half of your self-employment taxes from your business gross (total) income. If this figure is a net loss, you must subtract the loss from your total earned income.

You may figure the amount of your net earnings by using either the regular or optional methods shown on Schedule SE, *Self-Employment Tax*. Publication 533, *Self-Employment Tax*, and the instructions for Schedule SE explain these methods. If you are eligible to choose the optional method, you may use up to \$1,600 as the amount of earned income.

Example. Anthony Smith had \$20,000 in gross farm income and a net farm *loss* of \$5,000 for the year. He had no other income. Because his gross farm income was more than \$2,400 and his net earnings (a loss of \$5,000) from farming were less than \$1,733, he can choose the farm optional method of figuring self-employment tax.

Even though he had a net loss for the year, he can enter \$1,600 as net earnings from self-employment on Schedule SE. The \$1,600 is earned income when used in figuring the earned income credit.

Net earnings from self-employment. Your net earnings from self-employment are earned income. Net earnings can be found on Schedule SE, Section A, line 3, or Section B, line 3 and 4b. From this amount you must subtract the amount you claimed (or should have claimed) on Form 1040, line 25. This net amount is your earned income to use in figuring the earned income credit. If you do not have to file Schedule SE (because your net earnings from self-employment minus half of your self-employment tax are under \$400), include the net amount in earned income on line 5 of the EIC Worksheet in the Form 1040 instructions. However, see *Table 2*, to figure the amount to enter on line 5 of the EIC Worksheet in the Form 1040 instructions.

Table 2. If you are filing Schedule C, Schedule C-EZ, or Schedule F, use Table 2 on page 11 to figure the amount to enter on the EIC Worksheet, line 5, in the Form 1040 instructions.

Table 2. How to Figure Line 5 of the EIC Worksheet

(Keep for your records)

If filing a joint return and your spouse was also self-employed or reported income and expenses on Schedule C or C-EZ as a statutory employee, add your spouse's amounts to yours to figure the amount to enter below.

1. If you are filing Schedule SE:

- a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies **1a.** _____
- b. Enter the amount, if any, from Schedule SE, Section B, line 4b **1b.** _____
- c. Add lines 1a and 1b **1c.** _____
- d. Enter the amount from Form 1040, line 25 **1d.** _____
- e. Subtract line 1d from line 1c **1e.** _____

2. If you are NOT filing Schedule SE because your net earnings from self-employment were less than \$400 or you had a net (loss), complete lines 2a through 2c. But do not include on these lines any amount exempt from self-employment tax as the result of the filing and approval of Form 4029 or 4361.

- a. Enter any net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a **2a.** _____
- b. Enter any net profit or (loss) from Schedule C, line 31, Schedule C-EZ, line 3, and Schedule K-1 (Form 1065), line 15a (other than farming) **2b.** _____
- c. Add lines 2a and 2b. Enter the total even if a loss **2c.** _____

3. If you are filing Schedule C or C-EZ as a statutory employee, enter the amount from line 1 of that Schedule C or C-EZ..... **3. _____**

- 4. Add lines 1e, 2c, and 3. Enter the total here and on line 5 of the EIC Worksheet, even if a loss. If the result is a loss, enter it in parentheses and read the **Caution** below **4.** _____

Caution: *If line 5 of the EIC Worksheet is a loss, subtract it from the total of lines 3 and 4 of that worksheet and enter the result on line 6 of that Worksheet. If the result is zero or less, you can't take the earned income credit.*

that schedule includes an amount that was also reported on Form 1040, line 7, follow these special rules.

- 1) Write "**Clergy**" to the right of line 57, Form 1040.
- 2) Determine how much of the income reported on Form 1040, line 7, was also reported on Schedule SE, line 2.
- 3) Subtract that income from the amount on Form 1040, line 7. Enter only the difference on the EIC Worksheet, line 1, in the Form 1040 instructions.
- 4) Complete Table 2 to determine the amount to enter on the EIC Worksheet, line 5, in the Form 1040 instructions.

If you received a housing allowance or were provided housing, **do not** include the allowance or rental value of the parsonage as nontaxable earned income on the EIC Worksheet, line 4, in the Form 1040 instructions (or in the spaces provided next to line 57, Form 1040). This income should already be included on Schedule SE, line 2.

Statutory employee. Statutory employees are generally considered self-employed. However, the amounts received by statutory employees have social security and Medicare taxes withheld. For purposes of the earned income credit, statutory employees are treated as employees. Therefore, the gross (total) amount received from employment is included in earned income. The four types of statutory employees are:

- 1) An agent (or commission) driver who delivers food, beverages (other than milk), laundry, or dry cleaning for someone else.
- 2) A full-time life insurance salesperson.
- 3) A homemaker who works by the guidelines of the person for whom the work is done, with materials furnished by and returned to that person or to someone that person designates.
- 4) A traveling or city salesperson (other than an agent-driver or commission-driver) who works full time (except for sideline sales activities) for one firm or person getting orders from customers. The orders must be for items for resale or use as supplies in the customer's business. The customers must be retailers, wholesalers, contractors, or operators of hotels, restaurants, or other businesses dealing with food or lodging.

If you were a statutory employee and you reported your income and expenses on Schedule C (Form 1040) (or Schedule C-EZ), your earned income includes the amount on line 1 of Schedule C (or Schedule C-EZ).

If you need further information about statutory employees, see Publication 15-A, *Employer's Supplemental Tax Guide*.

Approved Form 4361 and Form 4029. This section is for persons who have an approved:

Ministers and members of religious orders. If you can claim the earned income credit and file Schedule SE, *Self-Employment Tax* and the amount on line 2 of

- Form 4361, *Application for Exemption from Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners*, or
- Form 4029, *Application for Exemption from Social Security and Medicare Taxes and Waiver of Benefits*.

Each approved form exempts certain income from the self-employment tax. Each form is discussed in this section in terms of what is or is not earned income for purposes of the earned income credit.

Form 4361. If you have an approved Form 4361, amounts you received for performing ministerial duties as an employee are earned income. This includes wages, salaries, tips, and other employee compensation. Other employee compensation includes nontaxable compensation such as housing allowances or the rental value of a parsonage that you receive as part of your pay for services as an employee.

Amounts you received in the exercise of ministerial duties, but not as an employee, are not earned income. Examples include fees for performing marriages and honoraria for delivering speeches.

Any compensation you received from an undertaking unrelated to the ministry is earned income. This is so, whether you received the amounts as an employee or as a self-employed individual.

Form 4029. If you have an approved Form 4029, all wages, salaries, tips, and other employee compensation are earned income. Amounts you received as a self-employed individual are not earned income. Also, losses from Schedule C, C-EZ, or F cannot be subtracted from wages on line 7 of Form 1040.

How To Figure the Credit

Once you know that you qualify for the earned income credit, you need to know how to figure the amount of the credit. You have two choices of how to figure the credit.

- 1) Have the IRS figure the credit for you. If you would like the IRS to do this, see *IRS Will Figure Your Credit for You*, on page 13, or
- 2) Figure the credit yourself. To do this:
 - a) Complete the EIC Worksheet and enter the amount of the credit on line 57 (Form 1040) or line 29c (Form 1040A), and
 - b) Complete Schedule EIC and attach it to your Form 1040 or Form 1040A, if you have a qualifying child. If you do not have a child or a qualifying child, go to *Part II* and follow those instructions.

Earned income credit table. You use this table to find the amount of your credit. The table begins on page 39.

The examples for John and Janet Smith and David and Judy Brown will show how to use the table.

Alternative minimum tax (AMT). The tax laws give special treatment to some kinds of income and expenses. This special treatment could substantially reduce or eliminate an individual's income tax. So that taxpayers who benefit from these laws will pay at least a minimum amount of tax, there is a special tax called the AMT.

You may have to pay the AMT if your taxable income for regular tax purposes, combined with any of the adjustments and preference items that apply to you, totals more than:

- **\$45,000** if you are married filing a joint return (or a qualifying widow(er) with dependent child)
- **\$33,750** if your filing status is head of household or single

You **must** reduce your earned income credit by the amount of any AMT you have for the tax year. If you owe the AMT (Form 1040, line 48), reduce the amount which you enter on line 10 of the Form 1040 EIC Worksheet by the amount on line 48 of Form 1040. Next, enter the result (if more than zero) on Form 1040, line 57. Then replace the amount on the Form 1040 EIC Worksheet, line 10, with the amount entered on Form 1040, line 57.

If you file Form 1040A and included AMT on line 28, subtract your AMT from the amount on line 9 of the Form 1040A EIC Worksheet. Next, enter the result (if more than zero) on Form 1040A, line 29c. Then, replace the amount on line 9 of the Form 1040A EIC Worksheet with the amount entered on Form 1040A, line 29c. See the instructions for Form 6251, *Alternative Minimum Tax—Individuals* for more information.

How To Claim the Credit

If you want the IRS to figure your credit for you, skip this section and go to *IRS Will Figure Your Credit for You* on page 13. If you want to figure the credit yourself, you must do the following:

- File either Form 1040 or 1040A.
- Complete the **EIC Worksheet** to figure the amount of your credit. The Worksheet does not have to be attached to your return. You should, however, keep it with your tax records. The instructions for Form 1040 and 1040A contain an EIC Worksheet for your use.
- If you received advance earned income credit payments in 1995, you **must** file Form 1040 or 1040A. Form W-2, box 9, shows the amount of advance payments you received during 1995. Include the **advance payments** you received in 1995 on line 52, Form 1040 or line 26, Form 1040A. To find out if you can get advance payments of the earned income credit, see Part III on page 31.
- Enter your earned income credit on line 57 (Form 1040) or line 29c (Form 1040A).
- Attach a completed Schedule EIC to either Form 1040 or 1040A. You cannot use Form 1040EZ because you have a qualifying child.

There are two examples with filled-in forms at the end of Part I that show how to claim and figure the credit.

IRS Will Figure Your Credit for You

There are certain instructions you must follow before IRS can figure the credit for you.

Form 1040. If you are filing Form 1040 and you want the IRS to figure the credit for you, you must fill out parts of Form 1040 and also:

- 1) Enter any advance earned income credit payments received in 1995 on line 52,
- 2) Complete Schedule EIC if you have a qualifying child, and
- 3) Print **EIC** next to line 57. Also, if you have any earned income that is not taxed, enter the amount and type of income in the spaces for line 57. See Table 1 on page 9 for examples of earned income that is not taxed.
- 4) Print "PRI" and the amount received (if any) in the space to the left of line 7 if line 7 includes an amount for work performed while an inmate in a penal institution.
- 5) Print "HSH" and the amount received (if any) in the space to the left of line 7 if you were a household employee and did not receive a Form W-2 because your employer paid you less than \$1,000. Also include the actual amount in the total for line 7.

To see which lines on Form 1040 you must fill out, go to the Form 1040 instructions and see *The IRS Will Figure Your Tax and Some of Your Credits*.

Form 1040A. If you are filing Form 1040A and you want the IRS to figure the credit for you, you must:

- 1) Fill in the parts of Form 1040A through line 22 that apply to you.
- 2) If you file a joint return, use the space to the left of line 22 to separately show your own and your spouse's taxable income.
- 3) Complete lines 24a, 24b, 26, 27, 29a, 29b, and any write-ins on line 29d, if they apply to you. If you received any advance earned income credit payments, show the amount of the payment on line 26.
- 4) Attach the first copy or Copy B of all your W-2 and 1099-R forms that show federal income tax withheld.
- 5) Fill-in and attach any schedules or forms asked for on the lines you completed.
- 6) Complete Schedule EIC, if you have a qualifying child.

- 7) Print "**EIC**" next to line 29c. Also, if you have earned income that is not taxed, enter the amount and type of income in the spaces provided. See Table 1 on page 9 for examples of earned income that is not taxed.
- 8) Print "PRI" and the amount received (if any) in the space to the left of line 7 (Form 1040A) if line 7 includes an amount for work performed while an inmate in a penal institution.
- 9) Print "HSH" and the amount received (if any) in the space to the left of line 7 (Form 1040A) if you were a household employee and did not receive a Form W-2 because your employer paid you less than \$1,000. Also include the actual amount in the total for line 7.
- 10) Sign and date your return (both spouses must sign a joint return) and enter your occupations.
- 11) Mail your return by April 15, 1996.

Important note. You must fill-in and attach Schedule EIC to either Form 1040 or 1040A.

When and where to file your return. You can file your tax return any time between January 1, 1996, and April 15, 1996. The earlier you file, the sooner you will receive your refund, if any. Mail your filled-in return and all attachments to the Internal Revenue Service Center designated for the state or area where you live. Use the addressed envelope that came with your tax package, or use one of your own if you do not have the addressed envelope. If you do not have the addressed envelope, or if you moved during the year, see *Where do I file?* in your Form 1040A or 1040 instructions.

How To Figure the Credit Yourself

There are certain instructions you must follow if you want to figure the credit yourself.

Form 1040A, EIC Worksheet, and Schedule EIC

Figure the amount of your credit on the EIC Worksheet if you meet the rules on page 4 and your total earned income (line 7, Form 1040A) and your adjusted gross income (line 16, Form 1040A) are each less than:

- \$24,396 if you have one qualifying child, or
- \$26,673 if you have more than one qualifying child.

If you **do not** meet all the rules on page 4, then you do not qualify for the earned income credit. If you qualify for the credit, also fill out Schedule EIC to provide information about your qualifying child and attach it to your Form 1040A. Do not attach the EIC Worksheet to your return.

If line 7 includes any amount paid to an inmate in a penal institution for work, see *Earnings while an inmate at a penal institution* on page 10 for a special instruction.

If you were a household employee who did not receive a Form W-2 because your employer paid you less than \$1,000 in 1995, see *Household employees* on page 10 for a special instruction.

If you want the IRS to figure your credit, see *IRS Will Figure Your Credit for You* on page 13.

Important note. If Form 1040A, line 7, includes an amount for a taxable scholarship or fellowship grant that was not reported on your Form W-2, enter the total line 7 amount on line 1 of the EIC Worksheet. Next, enter the amount of the taxable scholarship or fellowship grant (that was not reported on your W-2) in the box for line 2 of the Form 1040A EIC Worksheet. Then subtract line 2 from line 1 and enter the result on line 3.

Remember— You cannot use Form 1040EZ if you have a qualifying child. If you qualify for the credit and have a qualifying child, you must complete the EIC Worksheet, Schedule EIC, and file either Form 1040 or Form 1040A.

Example—1040A

John and Janet Smith are married and will file a joint return. They have one child—Amy, who is 2 years old (as of December 31, 1995). Amy lived with John and Janet for all of 1995. John worked and earned \$9,500. Janet worked part of the year and earned \$1,500. Their total earned income and adjusted gross income is \$11,000. John and Janet qualify for the earned income credit and fill out the EIC Worksheet and Schedule EIC.

They took the following steps to complete Schedule EIC and the EIC Worksheet. Their completed Schedule EIC and EIC Worksheet are on pages 15 and 16.

Step 1—Schedule EIC

The Smiths enter “John H. Smith and Janet L. Smith” and John’s social security number on the line at the top of Schedule EIC. They place only the primary social security number (the one that appears first on the Form 1040A) on this line.

Step 2—Schedule EIC

They fill out *Information About Your Qualifying Child or Children* (lines 1–6).

Line 1. The Smiths enter the first name and last name for Amy in the column “(a) Child 1.”

Line 2. They enter the year of birth for Amy (1993).

Line 3a and 3b. The Smiths skip these lines because Amy was born after 1976.

Line 4. They enter Amy’s social security number. If the Smiths did not have a social security number for Amy, they would follow the instructions under *Social Security Number* on page 5. If the social security number is not on Schedule EIC, then the processing of their tax return would be delayed.

Line 5. The Smiths enter “daughter” for Amy. This column shows Amy’s relationship to John and Janet.

Line 6. The Smiths enter “12” for Amy. This is how many months Amy lived with the Smiths in 1995.

Step 3—Schedule EIC

The Smiths will attach Schedule EIC to Form 1040A when they send their completed return to IRS.

Step 4—EIC Worksheet

In Steps 1–3 the Smiths completed Schedule EIC with information about their qualifying child. Next, they will complete the EIC Worksheet to figure their earned income credit amount.

Line 1. The Smiths enter \$11,000 from Form 1040A, line 7.

Line 2. The Smiths leave this box blank because they did not have any taxable scholarships or fellowship grants.

Line 3. Because line 2 is blank, the Smiths enter the \$11,000 from line 1 in the box for line 3.

Line 4. The Smiths leave this line blank because all their income is taxable.

Line 5. They add lines 3 and 4 together and enter \$11,000 in the box for line 5.

Line 6. The Smiths are ready to see how much of a credit they can get. They go to the **Earned Income Credit Table** that begins on page 37. They have one qualifying child—Amy. The Smiths find their income of \$11,000 (from the EIC Worksheet, line 5) within the range of \$9,250 to \$11,300. They follow this line across to the column “One child” and find \$2,094. They enter \$2,094 in the box for line 6.

If the amount on the Form 1040A EIC Worksheet, line 5 or line 7, is—		And you listed—		
		No children	One child	Two children
At least	But less than	Your credit is—		
9,200	9,250	0	2,094	3,110
9,250	11,300	0	2,094	3,110
11,300	11,350	0	2,089	3,103
11,350	11,400	0	2,081	3,093

Line 7. The Smiths enter their adjusted gross income of \$11,000. This amount is from Form 1040A, line 16.

Line 8. Because their earned income of \$11,000 is less than \$11,300, they check the box for **YES** and go to line 9.

Line 9. The Smiths read the instructions for line 9. Because they checked **YES** on line 8, they enter the amount from line 6 (\$2,094) in the box for line 9 and also on Form 1040A, line 29c. The \$2,094 is their earned income credit.

SCHEDULE EIC
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service (7)

Earned Income Credit
(Qualifying Child Information)

▶ Attach to Form 1040A or 1040.
▶ See instructions on back.

OMB No. 1545-0074

1995

Attachment
Sequence No. **43**

Name(s) shown on return

John H. Smith and Janet L. Smith

Your social security number

222 00 2222

Before You Begin . . .

- Answer the questions on page 47 of the Form 1040A instructions or page 27 of the Form 1040 instructions to see if you can take this credit.
- If you can take the credit, fill in the worksheet on page 48 (1040A) or page 28 (1040) to figure your credit. **But if you want the IRS to figure it for you, see page 42 (1040A) or page 35 (1040).**

Then, you must complete and attach Schedule EIC only if you have a qualifying child (see boxes on back).

Information About Your Qualifying Child or Children

If you have more than two qualifying children, you only have to list two to get the maximum credit.

Caution: If you don't attach Schedule EIC and fill in all the lines that apply, it will take us longer to process your return and issue your refund.

	(a) Child 1	(b) Child 2
	First name Last name	First name Last name
1 Child's name	<i>Amy Smith</i>	
2 Child's year of birth	<i>1993</i>	<i>19__</i>
3 If the child was born before 1977 AND—		
a was under age 24 at the end of 1995 and a student, check the "Yes" box, OR	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
b was permanently and totally disabled (see back), check the "Yes" box	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
4 Enter the child's social security number. If born in 1995, see instructions on back	<i>000 00 2224</i>	
5 Child's relationship to you (for example, son, grandchild, etc.)	<i>Daughter</i>	
6 Number of months child lived with you in the United States in 1995	<i>12</i> months	months



TIP Do you want the earned income credit added to your take-home pay in 1996? To see if you qualify, get Form W-5 from your employer or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

For Paperwork Reduction Act Notice, see Form 1040A Cat. No. 13339M Schedule EIC (Form 1040A or 1040) 1995 or 1040 instructions.

EIC Worksheet for John and Janet Smith

Earned income credit worksheet—Line 29c (keep for your records)

Caution: If you were a household employee who didn't receive a Form W-2 because your employer paid you less than \$1,000 in 1995, see Special rules on page 51 before completing this worksheet. Also, see Special rules if Form 1040A, line 7, includes any amount paid to an inmate in a penal institution.

1. Enter the amount from Form 1040A, line 7. 1.

2. If you received a taxable scholarship or fellowship grant that wasn't reported on a W-2 form, enter that amount here. 2.

3. Subtract line 2 from line 1. 3.

4. Enter any nontaxable earned income (see page 51). Types of nontaxable earned income include contributions to a 401(k) plan, and military housing and subsistence. These should be shown in box 13 of your W-2 form. 4.

5. Add lines 3 and 4. 5.

6. Look up the amount on line 5 above in the EIC Table on pages 52-53 to find your credit. Enter the credit here. 6.

If line 6 is zero, stop. You cannot take the credit. Enter "No" next to line 29c of Form 1040A.

7. Enter the amount from Form 1040A, line 16. 7.

8. Is line 7 less than—
• \$5,150 if you don't have a qualifying child?
• \$11,300 if you have at least one qualifying child?
 YES. Go to line 9 now.
 NO. Look up the amount on line 7 above in the EIC Table on pages 52-53 to find your credit. Enter the credit here. 8.

9. Earned income credit.
• If you checked "YES" on line 8, enter the amount from line 6.
• If you checked "NO" on line 8, enter the smaller of line 6 or line 8. 9.

Next: Take the amount from line 9 above and enter it on Form 1040A, line 29c.

AND

If you had any nontaxable earned income (see line 4 above), enter the amount and type of that income in the spaces marked "amount" and "type" below line 29c.

AND

Complete Schedule EIC and attach it to your return ONLY if you have a qualifying child.

Form 1040, EIC Worksheet, and Schedule EIC

Figure the amount of your credit on the EIC Worksheet if you meet the rules on page 4 and your total earned income (line 7, Form 1040) and your adjusted gross income (line 31, Form 1040) are each less than:

- \$24,396 if you have one qualifying child, or
- \$26,673 if you have more than one qualifying child.

If you **do not** meet all the rules on page 4, then you do not qualify for the earned income credit. If you qualify for the credit, fill out Schedule EIC to provide information about your qualifying child and attach it to your Form 1040. Do not attach the EIC Worksheet to your return.

If line 7 includes any amount paid to an inmate in a penal institution for work, see *Earnings while an inmate at a penal institution* on page 10 for a special instruction.

If you were a household employee who did not receive a Form W-2 because your employer paid you less than \$1,000 in 1995, see *Household employee* on page 10 for a special instruction.

If you want the IRS to figure your credit, see *IRS Will Figure Your Credit for You* on page 13.

Important note. If Form 1040, line 7, includes an amount for a taxable scholarship or fellowship grant that was not reported on your Form W-2, enter the total line 7 amount on line 1 of the EIC Worksheet. Next, enter the amount of the taxable scholarship or fellowship grant (that was not reported on your W-2) on line 2 of the Form 1040 EIC Worksheet. Then subtract line 2 from line 1 and enter the result on line 3.

Remember— You cannot use Form 1040EZ if you have a qualifying child. If you qualify for the credit and have a qualifying child, you must complete the EIC Worksheet, Schedule EIC, and file either Form 1040 or Form 1040A.

Example—1040

At the end of 1995, David and Judy Brown had three children—Karl, age 3, and twins Trisha and Mary, age 11 months. The children lived with David and Judy for all of 1995. David worked and earned \$16,000. He also received \$1,500 in unemployment compensation. Judy made crafts and sold them at a flea market. Her earnings from self-employment were \$350. In addition, they earned \$50 interest from a savings account.

Their total earned income is \$16,350 (\$16,000 + \$350). Their adjusted gross income is \$17,900 (\$16,000 + \$350 + \$1,500 + \$50). David and Judy will file a joint return using Form 1040. They qualify for the earned income credit and complete Schedule EIC and the EIC Worksheet.

They take the following steps to complete the forms. Pages 19 and 20 show the Browns' completed Schedule EIC and EIC Worksheet.

Step 1—Schedule EIC

The Browns complete Schedule EIC because they have qualifying children. They enter "David H. Brown and Judy K. Brown" and David's social security number on the line provided at the top of Schedule EIC. They enter the social security number that appears first on Form 1040.

Step 2—Schedule EIC

The Browns fill out *Information About Your Qualifying Child or Children* (lines 1–6).

Important note. If you have more than two qualifying children, list only two children on Schedule EIC.

Line 1. The Browns enter the first names and last names of the children. They enter only Karl's and Trisha's names. They do not enter Mary's name. However, Mary is still their qualifying child even though her name is not on Schedule EIC.

Line 2. The Browns enter the year of birth for Karl (1992) in the column "(a) Child 1" and for Trisha (1995) in the column "(b) Child 2."

Lines 3a and 3b. The Browns skip these lines because the children were born after 1976.

Line 4. The Browns enter Karl's and Trisha's social security number. If the Browns did not have a social security number for Karl or Trisha, they would follow the instructions under *Social Security Number* on page 5. If they omit Karl's or Trisha's social security number, then the processing of the Browns' tax refund would be delayed.

Line 5. The Browns enter "son" for Karl and "daughter" for Trisha. This line shows the relationship of the children to the Browns.

Line 6. The Browns enter "12" for Karl and "11" for Trisha. This line shows how many months in 1995 the children lived with the Browns.

Step 3—Schedule EIC

The Browns will attach Schedule EIC to Form 1040 when they send their completed return to IRS.

Step 4—EIC Worksheet

In Steps 1–3 the Browns completed the information about their qualifying children. Next, they will complete the EIC Worksheet to figure their earned income credit amount.

Line 1. The Browns enter David's earned income (\$16,000) from Form 1040, line 7.

Line 2. The Browns leave this line blank because they did not have any taxable scholarship or fellowship grant income.

Line 3. They subtract line 2 from line 1 and enter \$16,000.

Line 4. Because all of David's and Judy's earned income is taxable, they leave this line blank.

Line 5. Because Judy was self-employed, she completed *Table 2. How to Figure Line 5 for the EIC Worksheet* and entered the result – \$350 – on line 5. Table 2 can be found on page 11. A filled-in Table 2 is not shown in this example.

Line 6. They add lines 3, 4, and 5 and enter \$16,350. This is their total earned income.

Line 7. To find the amount of their credit, the Browns go to the **Earned Income Credit Table** on page 37. They have two qualifying children on Schedule EIC—Karl and Trisha. They find their earned income of \$16,350 (from EIC Worksheet, line 6) in the range of \$16,350 to \$16,400. They follow this line across to the column “Two children” and find \$2,082. They enter \$2,082 on line 7.

If the amount on the Form 1040 EIC Worksheet, line 6 or line 8, is—		And you listed—		
		No children	One child	Two children
At least	But less than	Your credit is—		
16,200	16,250	0	1,306	2,113
16,250	16,300	0	1,298	2,102
16,300	16,350	0	1,290	2,092
16,350	16,400	0	1,282	2,082

Line 8. The Browns enter their adjusted gross income of \$17,900 (from Form 1040, line 31).

Line 9. The Browns check the box for **NO** and follow the instruction because their adjusted gross income of \$17,900 is more than \$11,300. They again go to the **Earned Income Credit Table** to find the amount of their credit based on their adjusted gross income (EIC Worksheet, line 8). They find the \$17,900 in the range of \$17,900 to \$17,950. They follow this line across to the column “Two children” and find \$1,769. They enter \$1,769 on line 9.

If the amount on the Form 1040 EIC Worksheet, line 6 or line 8, is—		And you listed—		
		No children	One child	Two children
At least	But less than	Your credit is—		
17,800	17,850	0	1,050	1,789
17,850	17,900	0	1,042	1,779
17,900	17,950	0	1,034	1,769
17,950	18,000	0	1,026	1,759

Line 10. Because they checked **NO** on line 9, they compare the amounts on line 7 (\$2,082) and line 9 (\$1,769). They enter the smaller amount on line 10 and also on Form 1040, line 57. The \$1,769 is the Browns’ earned income credit.

Part II. Persons Without a Qualifying Child

Part II is for persons who work and do not have a qualifying child. If you do not know if you have a qualifying child, see *Who Is a Qualifying Child* on page 6. If you have a qualifying child, go to *Part I. Persons With a Qualifying Child* on page 4.

If you do not have a child or if your child is not a qualifying child, then read this section to see if you meet the other rules to get the credit. Your credit amount, in this part, could be as much as \$314.

Unmarried couples living together. Generally, only one person may claim the credit when unmarried couples live together and have a child living with them. If the child is a qualifying child for both persons, only the person with the higher adjusted gross income may be eligible to claim the credit. The person with the lower adjusted gross income cannot claim the credit under the rules in either Part I or Part II. Adjusted gross income can be found on line 31 (Form 1040), line 16 (Form 1040A), or line 4 (Form 1040EZ).

Who Can Claim the Credit?

If you do not have a qualifying child, then you must meet **all** of the following rules to claim the credit:

- 1) You must have earned income during 1995.
- 2) Your earned income and adjusted gross income must each be less than \$9,230.
- 3) Your filing status can be any filing status **EXCEPT** married filing a separate return. See *Married Persons Exception* on page 21.
- 4) You cannot be a qualifying child of another person. See *Qualifying Child of Another Person* on page 22.
- 5) You (or your spouse, if filing a joint return) must be at least age 25 but under age 65 at the end of your tax year (usually December 31). See *Age Rule* on page 22.
- 6) You cannot be eligible to be claimed as a dependent on anyone else’s return. See *Dependent Rule* on page 22.
- 7) Your main home must be in the United States for more than half the year. For purposes of the earned income credit, U.S. military personnel stationed outside the United States on extended active duty are considered to live in the U.S. during that duty period. See *Main Home Rule* on page 22.
- 8) You are not filing Form 2555, *Foreign Earned Income*, or Form 2555–EZ, *Foreign Earned Income Exclusion*. These forms are filed to exclude from your gross income any income earned in foreign countries, or to deduct or exclude foreign housing amounts. See Publication 54, *Tax Guide for U.S.*

SCHEDULE EIC
(Form 1040A or 1040)

Department of the Treasury
Internal Revenue Service (T)

Name(s) shown on return

Earned Income Credit
(Qualifying Child Information)

▶ Attach to Form 1040A or 1040.
▶ See instructions on back.

OMB No. 1545-0074

1995

Attachment
Sequence No. 43

Your social security number

David H. Brown and Judy K. Brown

332 00 3333

Before You Begin . . .

- Answer the questions on page 47 of the Form 1040A instructions or page 27 of the Form 1040 instructions to see if you can take this credit.
- If you can take the credit, fill in the worksheet on page 48 (1040A) or page 28 (1040) to figure your credit. **But if you want the IRS to figure it for you, see page 42 (1040A) or page 35 (1040).**

Then, you must complete and attach Schedule EIC only if you have a qualifying child (see boxes on back).

Information About Your Qualifying Child or Children

If you have more than two qualifying children, you only have to list two to get the maximum credit.

Caution: If you don't attach Schedule EIC and fill in all the lines that apply, it will take us longer to process your return and issue your refund.

	(a) Child 1	(b) Child 2
	First name Last name	First name Last name
1 Child's name	<u>Karl Brown</u>	<u>Trisha Brown</u>
2 Child's year of birth	<u>1992</u>	<u>1995</u>
3 If the child was born before 1977 AND—		
a was under age 24 at the end of 1995 and a student, check the "Yes" box, OR	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
b was permanently and totally disabled (see back), check the "Yes" box	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
4 Enter the child's social security number. If born in 1995, see instructions on back	<u>000 00 1234</u>	<u>000 00 4321</u>
5 Child's relationship to you (for example, son, grandchild, etc.)	<u>Son</u>	<u>Daughter</u>
6 Number of months child lived with you in the United States in 1995	<u>12 months</u>	<u>11 months</u>

S/ESAAA



TIP Do you want the earned income credit added to your take-home pay in 1996? To see if you qualify, get Form W-5 from your employer or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

For Paperwork Reduction Act Notice, see Form 1040A Cat. No. 13399M Schedule EIC (Form 1040A or 1040) 1995 or 1040 instructions.

EIC Worksheet for David and Judy Brown

Earned Income Credit Worksheet—Line 57

(keep for your records)

Caution: If you were a household employee who didn't receive a Form W-2 because your employer paid you less than \$1,000 in 1995 or you were a minister or member of a religious order, see **Special Rules** on page 29 before completing this worksheet. Also, see **Special Rules** if Form 1040, line 7, includes any amount paid to an inmate in a penal institution.

1. Enter the amount from Form 1040, line 7 1. 16,000
 2. If you received a taxable scholarship or fellowship grant that wasn't reported on a W-2 form, enter that amount here 2. _____
 3. Subtract line 2 from line 1 3. 16,000
 4. Enter any **nontaxable earned income** (see this page). Types of nontaxable earned income include contributions to a 401(k) plan, and military housing and subsistence. These should be shown in box 13 of your W-2 form 4. _____
 5. If you were self-employed or used Schedule C or C-EZ as a statutory employee, enter the amount from the worksheet on page 29 5. 350
 6. Add lines 3, 4, and 5 6. 16,350
 7. Look up the amount on line 6 above in the **EIC Table** on pages 30-31 to find your credit. Enter the credit here 7. 2,082
If line 7 is zero, **stop**. You cannot take the credit. Enter "No" next to Form 1040, line 57.
 8. Enter the amount from Form 1040, line 31 8. 17,900
 9. Is line 8 less than—
 - \$5,150 if you don't have a qualifying child?
 - \$11,300 if you have at least one qualifying child?
 - YES. Go to line 10 now.
 - NO. Look up the amount on line 8 above in the **EIC Table** on pages 30-31 to find your credit. Enter the credit here 9. 1,769
 10. **Earned income credit.**
 - If you checked "YES" on line 9, enter the amount from line 7.
 - If you checked "NO" on line 9, enter the **smaller** of line 7 or line 9. 10. 1,769
- Next:** Take the amount from line 10 above and enter it on Form 1040, line 57.

AND

If you had any nontaxable earned income (see line 4 above), enter the amount and type of that income in the spaces provided on line 57.

AND

Complete **Schedule EIC** and attach it to your return **ONLY** if you have a qualifying child.

Note: If you owe the alternative minimum tax (Form 1040, line 48), subtract it from the amount on line 10 above. Then, enter the result (if more than zero) on Form 1040, line 57. Also, replace the amount on line 10 above with the amount entered on Form 1040, line 57.

Citizens and Resident Aliens Abroad, for more information.

Important note. If you meet *all* these rules, fill out the EIC Worksheet to figure the amount of your credit. Remember, this Part II is only for persons without a qualifying child.

Enter "NO" next to line 57 (Form 1040), line 29c (Form 1040A), or line 8 (Form 1040EZ) if you **cannot** claim the credit because:

- 1) Your total taxable and nontaxable earned income was \$9,230 or more,
- 2) You (and your spouse if filing a joint return) were under age 25 or over age 64,
- 3) Your home was not in the United States for more than half the year, or
- 4) You were a qualifying child of another person in 1995.

Nonresident Alien

Beginning in 1995, if you are a nonresident alien for any part of the year, you **cannot** claim the credit unless:

- 1) You are married to a U.S. citizen or a resident alien, **and**
- 2) You and your spouse choose to be treated as resident aliens for the entire year.

If you make this choice, you and your spouse are taxed on your worldwide income. You cannot claim any tax treaty benefits as a resident of a foreign country during the tax year in which the choice is in effect.

How to make the choice. To make the choice, file a joint return for the first tax year for which the choice applies and attach a statement. The statement should contain the following:

- 1) A declaration that one spouse was a nonresident alien and the other spouse a U.S. citizen or resident alien on the last day of your tax year, and that you choose to be treated as U.S. residents for the entire tax year, and
- 2) The name, address, and social security number of each spouse.

For more detailed information, get Publication 519, *U.S. Tax Guide for Aliens*.

Rules Explained

In this section you will find explanations and examples for some of the rules that are listed under *Who Can Claim the Credit* for persons who do not have a qualifying child. The following rules are discussed:

Married Persons Exception

Qualifying Child of Another Person

Age Rule

Dependent Rule

Main Home Rule

When Is Your Child Not a Qualifying Child?

To be a qualifying child, a child must meet three tests. These tests are:

- Relationship,
- Residency, and
- Age.

If your child does not meet all three tests, then the child is not a qualifying child. If your child is not a qualifying child, then you may be able to get the earned income credit under the rules in this part of the publication. See *Who Is a Qualifying Child* on page 6.

Married Persons Exception

Married persons living apart usually must file a joint return to claim the earned income credit. Even though you are married, you may file as head of household and claim the credit on your return if:

- 1) Your spouse did not live in your home at any time during the last 6 months of the year,
- 2) You paid more than half the cost to keep up your home for the entire year, and
- 3) Your home was, for more than half of the year, the main home of your child, adopted child, stepchild, or foster child. You also must be entitled to claim an exemption for your child.

You will meet (3) even if you cannot claim an exemption for your child because:

- You released your claim in writing to the other parent by filling out **Form 8332**, *Release of Claim to Exemption for Child of Divorced or Separated Parents* or a similar written statement.
- There is a pre-1985 agreement (decree of divorce or separate maintenance or written agreement) granting the exemption to your child's other parent.

If the child who qualifies you for head of household status also meets the requirements of your qualifying child, you cannot take the credit under Part II.

Example 1. You are married. You and your spouse lived apart for all of 1995. You earned \$8,000 in 1995. Your 19-year-old son lived with you all year. You provided more than half the cost of maintaining your home. Your son had a part-time job and earned \$2,000. He was not a full-time student or permanently and totally disabled. You qualify for the "head of household" filing status and claim your son as a dependent. You can get the earned income credit under the rules in Part II. You cannot get the larger credit amount in Part I because your son does not meet the age test for a qualifying child.

Your son is 19, not a full-time student, and is not permanently and totally disabled. Even though your son is your dependent, he is not your qualifying child when figuring the earned income credit.

Example 2. The facts are the same as in Example 1, except your son is 18. In that case, your son is your dependent and a qualifying child. You would qualify for the credit under the rules in Part I (see page 4), but you would not qualify for the credit under the rules in Part II because your son is your qualifying child.

Qualifying Child of Another Person

If you are a qualifying child of another person, then you cannot claim the earned income credit.

Are you a qualifying child? Basically, you are a qualifying child if:

- 1) You are a son, daughter, adopted child, grandchild, or foster child of someone,
- 2) At the end of 1995 you were under age 19, under age 24 and a full-time student, or permanently and totally disabled at any age, **and**
- 3) You lived with someone (parent, guardian, foster parent, etc.) in the United States for more than half of 1995 (for all of 1995 if you were a foster child). U.S. military personnel stationed outside the United States on extended active duty are considered to live in the U.S.

See *Who Is a Qualifying Child* on page 6 if you need further information.

Example. In 1995, you lived with your mother. You are age 26 and permanently and totally disabled. Your only income in 1995 was from a community center where you went twice a week to answer telephones. You were paid a small fee of \$1,500 for the year. Your mother worked and earned \$16,000.

You are a qualifying child for your mother. She can claim the earned income credit if she meets all the other rules. Because you are a qualifying child of your mother, you cannot claim the earned income credit for 1995.

Age Rule

You must be at least age 25 but under age 65 at the end of your tax year. If you are married filing a joint return, either you or your spouse must be at least age 25 but under age 65 at the end of your tax year. It does not matter which spouse meets the age rule, as long as one of the spouses does. The end of the tax year for most people is December 31.

Example 1. You are single, age 28, and do not have any children. You meet the “Age Rule” for claiming the earned income credit in Part II.

Example 2. You are married and will file a joint return. You are age 23 and your spouse is age 27. You meet the “Age Rule” for claiming the earned income

credit, because your spouse is at least age 25 but under age 65.

Example 3. You are married and will file a joint return. You are age 62 and your spouse is 66. You meet the “Age Rule” for claiming the earned income credit because you are at least age 25 but under age 65.

Example 4. You are married and file a joint return. You worked and your spouse was a full-time student. You are age 29 and your spouse is age 24. You meet the age test because you are at least 25 but under 65. It does not matter if only one of you has earned income. As long as you meet all the other rules, you can still get the credit.

Dependent Rule

You must be able to claim an exemption for yourself on your tax return. If someone else can claim you as a dependent on their return, you cannot claim the earned income credit. If someone else can claim you as a dependent on their return but does not, you still cannot claim the credit.

Example 1. You are age 25, single, and living at home with your parents. You work and are not a student. You earned \$7,500. Your parents cannot claim you as a dependent. When you file your return, you claim an exemption for yourself. Therefore, you meet the “Dependent Rule.”

Example 2. You are age 25, single, and living at home with your parents. You work and earned \$2,000. Your parents can claim you as a dependent but decide not to. You cannot claim the credit because your parents could have claimed you as a dependent.

Example 3. You file as head of household. Your mother is your dependent. You maintain your own home. You worked and earned \$8,500. No one can claim you as a dependent. You claim an exemption for yourself when you file your return. You meet the “Dependent Rule.”

Main Home Rule

Your main home must be in the United States for more than half the year. Your main home can be **any location** where you regularly live. For example, some homeless individuals live in shelters. Such individuals are entitled to claim the credit if they also meet all the other rules for eligibility.

Military Personnel

Beginning in 1995, U.S. military personnel stationed outside the United States on extended active duty are considered to live in the U.S. during that duty period for purposes of the earned income credit.

Extended active duty. Extended active duty means you are called or ordered to duty for an indefinite period or for a period of more than 90 days. Once you begin serving your extended active duty and you serve less

than 90 days, you are still considered to have been on extended active duty.

Note. See Publication 3, *Tax Information for Military Personnel (Including Reservists Called to Active Duty)*, for more information and examples on claiming the earned income credit.

What Is Earned Income

You have just learned about some of the rules you must meet if you want to claim the earned income credit. Another rule you must meet to get the credit is to have earned income. There are two ways to get earned income.

- 1) You work for someone who pays you, or
- 2) You work in a business you own.

That's why this credit is called the earned income credit. What is "earned income"? This section will explain what counts as earned income in order to get the earned income credit. For examples of what is or is not earned income see *Table 3*. The paragraphs that follow will explain some items that are considered earned income when figuring the credit.

Earned income that is not taxed. As you can see, *Table 3* includes some examples of earned income that is not taxed. Earned income that is not taxed still counts as earned income when figuring the amount of your earned income credit.

To figure the earned income credit, you add the amounts of earned income that are not taxed to any amounts of taxable earned income you received during the year. You do this by putting the amount of your earned income that is not taxed on:

- Line 4 of the EIC Worksheet in the Form 1040 instructions and enter the type and amount in the spaces next to line 57, Form 1040,
- Line 4 of the EIC Worksheet in the Form 1040A instructions and enter the type and amount in the spaces next to line 29c, Form 1040A, or
- Line 4 of the EIC Worksheet in the Form 1040EZ instructions and enter the type and amount in the spaces next to line 8, Form 1040EZ.

Special note for military personnel. Pay earned in a combat zone, basic quarters and subsistence allowances, and the value of in-kind quarters and subsistence are all earned income that is not taxed but must be used when you figure the earned income credit. These amounts will be on your W-2 in box 13 under code "Q." See Publication 3 for more detailed information.

Disability payments. If you retired on disability, payments you receive are considered earned income until you reach minimum retirement age. Minimum retirement

age generally is the earliest age at which you can receive a pension or annuity if you are not disabled. You must report your taxable disability payments on line 7 of either Form 1040 or Form 1040A until you reach minimum retirement age.

Beginning on the day after you reach minimum retirement age, payments you receive are taxable as a pension and are not considered earned income. Report taxable pension payments on Form 1040, lines 16a and 16b (or Form 1040A, lines 11a and 11b).

Cafeteria plans. If your employer offers a benefit plan that allows you to "pick and choose" among two or more benefits consisting of cash and certain employee benefits that are not taxed, you are probably participating in a cafeteria plan. Some of the benefits that may be offered include:

- Accident or health insurance
- Dependent care assistance.

If you choose a benefit that is not taxed (such as accident and health insurance) and agree to a voluntary salary reduction for the benefit, the amount of the salary reduction is earned income when figuring this credit.

Community property laws. If you live in a state that has community property laws for married persons, do not follow those community property laws when using your earned income to figure your earned income credit.

Earnings while an inmate at a penal institution. Amounts paid to inmates in penal institutions for their work is not earned income when figuring the earned income credit. If the total line 7 (Form 1040 or 1040A) or line 1 (Form 1040EZ), includes such income, subtract that income from the total on line 7 (Form 1040 or 1040A) or line 1 (Form 1040EZ). Enter the result on line 1 of the EIC Worksheet in your form instruction booklet. Also, enter "PRI" and the amount subtracted in the space to the left of line 7 (Form 1040 or 1040A) or to the right of the words "W-2 form(s)" of line 1 (Form 1040EZ).

Household employees. If you were a household employee who did not receive a Form W-2 because your employer paid you less than \$1,000, be sure to include the actual amount on line 7 (Form 1040 or 1040A) or line 1 (Form 1040EZ). Then, write "HSH" and the amount not reported on Form W-2 in the space to the left of line 7 (Form 1040 or 1040A) or to the right of the words "W-2 form(s)" of line 1 (Form 1040EZ).

Native Americans. Native Americans who receive income exempt from federal income tax under the Internal Revenue Code or because of a treaty, agreement, Act of Congress, or other Federal law may qualify for the earned income credit. The requirements for claiming the earned income credit for Native Americans are the same as those for everyone else.

Table 3. Examples of Earned Income When Figuring the Earned Income Credit

Earned Income	
Includes:	Does not include:
<p>TAXABLE EARNED INCOME (Enter on EIC Worksheet, Line 1)*</p> <p>Wages, salaries, and tips</p> <p>Union strike benefits</p> <p>Long-term disability benefits received prior to minimum retirement age</p> <p>Net earnings from self-employment (enter on line 5 of the Form 1040 EIC Worksheet)</p>	<p>Interest and dividends</p> <p>Social security and railroad retirement benefits</p> <p>Welfare benefits (including AFDC payments)</p> <p>Pensions or annuities</p> <p>Veterans' benefits</p> <p>Workers' compensation benefits</p> <p>Alimony</p> <p>Child support</p> <p>Unemployment compensation (insurance)</p> <p>Taxable scholarship or fellowship grants that are not reported on Form W-2</p> <p>Variable housing allowance for the military</p> <p>Earnings for work performed while an inmate at a penal institution</p>
<p>NONTAXABLE EARNED INCOME (Enter on line 4 of the EIC Worksheet)*</p> <p>* Voluntary salary deferrals (for example: under a 401(k) plan or the Federal Thrift Savings Plan)</p> <p>* Pay earned in a combat zone (box 13, code Q, of your W-2)</p> <p>* Basic quarters and subsistence allowances and in-kind quarters and subsistence for the U.S. Military (box 13, code Q, of your W-2)</p> <p>* The value of meals or lodging provided by an employer for the convenience of the employer</p> <p>* Housing allowance or rental value of a parsonage for the clergy (see "Ministers and members of religious orders")</p> <p>* Excludable dependent care benefits (line 19 of either Form 2441 or Schedule 2)</p> <p>* Voluntary salary reductions such as under a cafeteria plan</p> <p>Anything else of value you get from someone for services you performed even if it is not taxable</p>	
<p>* If you want IRS to figure your credit for you, enter the amount and type of your nontaxable earned income on line 8 (Form 1040EZ), line 29c (Form 1040A), or line 57 (Form 1040). For more information see, "IRS Will Figure Your Credit for You," in this publication.</p>	

One of the requirements for the earned income credit is that you must have "earned income." All wages, salaries, tips, and other employee compensation are earned income, even if they are not taxed. Thus, nontaxable treaty, etc., income is earned income if it is compensation for services performed as an employee. However, nontaxable income received for performing services as a self-employed individual is not earned income when figuring the earned income credit.

Important note. If you are not self-employed, a statutory employee (explained on page 24), or a minister or member of a religious order, skip *If you own your business* and begin reading the section called *How To Figure the Credit* on page 26.

If you own your business. If you own your business, you are self-employed. You must include your net earnings from self-employment in earned income, even if the

amount is less than \$400. Net earnings is the amount you get after you subtract your business expenses and half of your self-employment taxes from your business gross (total) income. If this figure is a net loss, you must subtract the loss from your total earned income.

You may figure the amount of your net earnings by using either the regular or optional methods shown on Schedule SE (Form 1040), *Self-Employment Tax*. Publication 533, *Self-Employment Tax*, and the instructions for Schedule SE explain these methods. If you are eligible to choose the optional method, you may use up to \$1,600 as the amount of earned income.

Example. You had \$20,000 in gross farm income and a net farm **loss** of \$5,000 for the year. You had no other income. Since your gross farm income were more than \$2,400 and your net earnings (a loss of \$5,000) from farming was less than \$1,733, you can choose the farm optional method of figuring self-employment tax.

Even though you had a net loss for the year, you could enter \$1,600 as net earnings from self-employment on Schedule SE. The \$1,600 is earned income when used in figuring the earned income credit.

Net earnings from self-employment. Your net earnings from self-employment are earned income. Net earnings can be found on Schedule SE, Section A, line 3, or Section B, line 3, and 4b. From this amount you must subtract the amount you claimed (or should have claimed) on Form 1040, line 25. This net amount is your earned income to use in figuring the earned income credit. If you do not have to file Schedule SE (because your net earnings from self-employment minus half of your self-employment tax are under \$400), include the net amount in earned income on line 5 of the EIC Worksheet in the Form 1040 instructions. However, see *Table 4*, to figure the amount to enter on line 5 of the EIC Worksheet.

Table 4. If you were self-employed or you reported your income and expenses on Schedule C (or Schedule C-EZ) as a statutory employee, use Table 4 to figure the amount to enter on line 5 of the EIC Worksheet in the Form 1040 instructions.

Table 4. How to Figure Line 5 of the EIC Worksheet

(Keep for your records)

If filing a joint return and your spouse was also self-employed or reported income and expenses on Schedule C or C-EZ as a statutory employee, add your spouse's amounts to yours to figure the amounts to enter below.

- 1. If you are filing Schedule SE:**
 - a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, which-ever applies **1a.** _____
 - b. Enter the amount, if any, from Schedule SE, Section B, line 4b **1b.** _____
 - c. Add lines 1a and 1b **1c.** _____
 - d. Enter the amount from Form 1040, line 25 **1d.** _____
 - e. Subtract line 1d from line 1c **1e.** _____
- 2. If you are NOT filing Schedule SE because your net earnings from self-employment were less than \$400 or you had a net (loss),** complete lines 2a through 2c. But **do not** include on these lines any amount exempt from self-employment tax as the result of the filing and approval of **Form 4029 or 4361.**
 - a. Enter any net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a **2a.** _____
 - b. Enter any net profit or (loss) from Schedule C, line 31, Schedule C-EZ, line 3, and Schedule K-1 (Form 1065), line 15a (other than farming) **2b.** _____
 - c. Add lines 2a and 2b. Enter the total even if a loss **2c.** _____
- 3. If you are filing Schedule C or C-EZ as a statutory employee,** enter the amount from line 1 of that Schedule C or C-EZ **3.** _____
- 4.** Add lines 1e, 2c, and 3. Enter the total here and on line 5 of the EIC Worksheet, even if a loss. If the result is a loss, enter it in parentheses and read the **Caution** below **4.** _____

Caution: *If line 5 of the EIC Worksheet is a loss, subtract it from the total of lines 3 and 4 of that worksheet and enter the result on line 6 of that Worksheet. If the result is zero or less, you can't take the earned income credit.*

Ministers and members of religious orders. If you can claim the earned income credit and file Schedule SE, *Self-Employment Tax* and the amount on line 2 of

that schedule includes an amount that was also reported on Form 1040, line 7, follow these special rules.

- 1) Write “**Clergy**” to the right of line 57, Form 1040.
- 2) Determine how much of the income reported on Form 1040, line 7, was also reported on Schedule SE, line 2.
- 3) Subtract that income from the amount on Form 1040, line 7. Enter only the difference on the EIC Worksheet, line 1.
- 4) Complete Table 4 to determine the amount to enter on the EIC Worksheet, line 5 in the Form 1040 instructions.

If you received a housing allowance or were provided housing, **do not** include the allowance or rental value of the parsonage as nontaxable earned income on the EIC Worksheet, line 4 in the Form 1040 instructions (or in the spaces provided on line 57). This income should already be included on Schedule SE, line 2.

Statutory employee. Statutory employees are generally considered self-employed. However, the amounts received by statutory employees have social security and Medicare taxes withheld. For purposes of the earned income credit, statutory employees are treated as employees. Therefore, the gross (total) amount received from employment is included in earned income. The four types of statutory employees are:

- 1) An agent (or commission) driver who delivers food, beverages (other than milk), laundry, or dry cleaning for someone else.
- 2) A full-time life insurance salesperson.
- 3) A homemaker who works by the guidelines of the person for whom the work is done, with materials furnished by and returned to that person or to someone that person designates.
- 4) A traveling or city salesperson (other than an agent-driver or commission-driver) who works full time (except for sideline sales activities) for one firm or person getting orders from customers. The order must be for items for resale or use as supplies in the customer’s business. The customers must be retailers, wholesalers, contractors, or operators of hotels, restaurants, or other businesses dealing with food or lodging.

If you were a statutory employee and you reported your income and expenses on Schedule C (Form 1040) (or Schedule C–EZ), your earned income includes the amount on line 1 of Schedule C (or Schedule C–EZ).

If you need further information about statutory employees, see Publication 15–A, *Employer’s Supplemental Tax Guide*.

Approved Form 4361 and Form 4029. This section is for persons who have an approved:

- Form 4361, *Application for Exemption from Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners*, or
- Form 4029, *Application for Exemption from Social Security and Medicare Taxes and Waiver of Benefits*.

Each approved form exempts certain income from the self-employment tax. Each form is discussed in this section in terms of what is or is not earned income for purposes of the earned income credit.

Form 4361. If you have an approved Form 4361, amounts you received for performing ministerial duties as an employee are earned income. This includes wages, salaries, tips, and other employee compensation. Other employee compensation includes nontaxable compensation such as housing allowances or the rental value of a parsonage that you receive as part of your pay for services as an employee.

Amounts you received in the exercise of ministerial duties, but not as an employee, are not earned income. Examples include fees for performing marriages and honoraria for delivering speeches.

Any compensation you received from an undertaking unrelated to the ministry is earned income. This is so, whether you received the amounts as an employee or as a self-employed individual.

Form 4029. If you have an approved Form 4029, all wages, salaries, tips, and other employee compensation are earned income. Amounts you received as a self-employed individual are not earned income. Also, losses from Schedule C, C–EZ, or F cannot be subtracted from wages on line 7 of Form 1040.

How To Figure the Credit

Once you know that you qualify for the earned income credit, you need to know how to figure the amount of the credit. You have two choices of how to figure the credit.

- 1) Have the IRS figure the credit for you. If you would like to do this, see *IRS Will Figure Your Credit for You*, on page 27, or
- 2) If you want to figure the credit yourself, complete the EIC Worksheet and enter the amount of the credit on line 57 (Form 1040), line 29c (Form 1040A), or on line 8 (Form 1040EZ).

Earned income credit table. You use this table and the column (No children) to find the amount of your credit. The table begins on page 37.

Alternative minimum tax (AMT). The tax laws give special treatment to some kinds of income and expenses. This special treatment could substantially reduce or eliminate an individual’s income tax. So that taxpayers who benefit from these laws will pay at least a minimum amount of tax, there is a special tax called the AMT.

You may have to pay the AMT if your taxable income for regular tax purposes, combined with any of the adjustments and preference items that apply to you, totals more than:

- **\$45,000** if you are married filing a joint return (or a qualifying widow(er) with dependent child)
- **\$33,750** if your filing status is head of household or single

You **must** reduce your earned income credit by the amount of any AMT you have for the tax year. If you owe the AMT (Form 1040, line 48), reduce the amount which you enter on line 10 of the Form 1040 EIC Worksheet by the amount on line 48 of Form 1040. Next, enter the result (if more than zero) on Form 1040, line 57. Then replace the amount on the Form 1040 EIC Worksheet, line 10, with the amount entered on Form 1040, line 57.

If you file Form 1040A and included AMT on line 28, subtract your AMT from the amount on line 9 of the Form 1040A EIC Worksheet. Next, enter the result (if more than zero) on Form 1040A, line 29c. Then replace the amount on the Form 1040A EIC Worksheet, line 9, with the amount entered on Form 1040A, line 29c. See Form 6251, *Alternative Minimum Tax—Individuals*, for more information.

How To Claim the Credit

If you want the IRS to figure your credit for you, skip this part and go to *IRS Will Figure Your Credit for You* on this page. If you want to figure the credit yourself, you must do the following:

- File either Form 1040, 1040A, or 1040EZ.
- Complete the **EIC Worksheet** to figure the amount of your credit. Do not attach the Worksheet to your return. You should, however, keep it with your tax records. The instructions for Form 1040, 1040A, and 1040EZ contain an EIC Worksheet for your use.
- If you received advance earned income credit payments in 1995, you **must** file Form 1040 or 1040A. Form W-2, box 9, shows the amount of advance payments you received during 1995. Include the **advance payments** you received in 1995 on line 52 (Form 1040) or line 26 (Form 1040A). To find out if you can get advance payments of the earned income credit, see Part III on page 31.
- Enter your earned income credit on line 57 (Form 1040), line 29c (Form 1040A), or line 8 (Form 1040EZ).

IRS Will Figure Your Credit for You

There are certain instructions you must follow before IRS can figure the credit for you.

Form 1040. If you are filing Form 1040 and you want the IRS to figure the credit for you, you must fill out parts of Form 1040 and also:

- 1) Enter any advance earned income credit payments received in 1995 on line 52,
- 2) Print **EIC** next to line 57. Also, if you have any earned income that is not taxed, enter the amount and type of income in the spaces on line 57. See Table 3 on page 24 for examples of earned income that is not taxed.
- 3) Print “PRI” and the amount received (if any) in the space to the left of line 7 (Form 1040) if line 7 includes an amount for work performed while an inmate in a penal institution.
- 4) Print “HSH” and the amount received (if any) in the space to the left of line 7 (Form 1040) if you were a household employee and did not receive a Form W-2 because your employer paid you less than \$1,000. Also include the actual amount in the total for line 7.

To see which lines on Form 1040 you must fill out, go to the Form 1040 instructions and see *The IRS Will Figure Your Tax and Some of Your Credits*.

Form 1040A. If you are filing Form 1040A and you want the IRS to figure the credit for you, you must:

- 1) Fill in the parts of Form 1040A through line 22 that apply to you.
- 2) If you file a joint return, use the space to the left of line 22 to separately show your own and your spouse’s taxable income.
- 3) Complete lines 24a, 24b, 26, 27, 29a, 29b, and any write-ins on line 29d, if they apply to you. If you received any advance earned income credit payments, show the amount of the payment on line 26.
- 4) Attach the first copy or Copy B of all your W-2 and 1099-R forms that show Federal income tax withheld.
- 5) Fill in and attach any schedules or forms asked for on the lines you completed.
- 6) Print “**EIC**” next to line 29c. Also, if you have earned income that is not taxed, enter the amount and type of income in the spaces provided. See Table 3 on page 24 for examples of earned income that is not taxed.
- 7) Print “PRI” and the amount received (if any) in the space to the left of line 7 (Form 1040A) if line 7 includes an amount for work performed while an inmate in a penal institution.
- 8) Print “HSH” and the amount received (if any) in the space to the left of line 7 (Form 1040A) if you were a household employee and did not receive a Form W-2 because your employer paid you less than \$1,000. Also include the actual amount in the total for line 7.

- 9) Sign and date your return (both spouses must sign a joint return) and enter your occupations.
- 10) Mail your return by April 15, 1996.

Form 1040EZ. If you are filing Form 1040EZ and you want the IRS to figure the credit for you, you must:

- 1) Fill in lines 1–7.
- 2) If you file a joint return, use the space under the “Note” to the left of line 6 to separately show your own and your spouse’s taxable income.
- 3) Fill in the type and amount of any nontaxable earned income in the spaces “Type” and “\$” next to line 8.
- 4) If you can claim the credit, then print “EIC” on line 8 in the space to the right of the words “earned income below.”
- 5) Print “PRI” and the amount received (if any) to the right of the words “W–2 form(s)” of line 1 if line 1 includes an amount for work performed while an inmate in a penal institution.
- 6) Print “HSH” and the amount received (if any) to the right of the words “W–2 form(s)” of line 1 if you were a household employee and did not receive a Form W–2 because your employer paid you less than \$1,000. Also include that amount in the total for line 1.
- 7) Attach the first copy or Copy B of all your W–2 forms.
- 8) Sign and date your return and enter your occupation. If filing a joint return, both spouses must sign.
- 9) Mail your return by April 15, 1996.

When and where to file your return. You can file your tax return any time between January 1, 1996, and April 15, 1996. The earlier you file, the sooner you will receive your refund, if any. Mail your filled-in return and all attachments to the Internal Revenue Service Center designated for the state or area where you live. Use the addressed envelope that came with your tax package, or use one of your own if you do not have the addressed envelope. If you do not have the addressed envelope, or if you moved during the year, see *Where do I file?* in your Form 1040, 1040A, or 1040EZ instructions.

How To Figure the Credit Yourself

There are certain instructions you must follow if you want to figure the credit yourself.

Form 1040A and EIC Worksheet

Figure the amount of your credit on the EIC Worksheet if you meet all the rules on page 18 and your total earned income (line 7, Form 1040A) and your adjusted gross income (line 16, Form 1040A) are each less than \$9,230. Do not attach the EIC Worksheet to your return.

Schedule EIC is completed only if you have a qualifying child.

If you **do not** meet all the rules on page 18, then you do not qualify for the earned income credit.

If line 7 includes any amount paid to an inmate in a penal institution for work, see *Earnings while an inmate at a penal institution* on page 23 for a special instruction.

If you were a household employee who did not receive a Form W–2 because your employer paid you less than \$1,000 in 1995, see *Household employees* on page 23 for a special instruction.

If you want the IRS to figure your credit, see *IRS Will Figure Your Credit for You* on page 27.

Important note. If Form 1040A, line 7, includes an amount from a taxable scholarship or fellowship grant that was not reported on your Form W–2, enter the total Form 1040A line 7 amount on line 1 of the EIC Worksheet. Next, enter the amount of the taxable scholarship or fellowship grant (that was not reported on your W–2) on line 2 of the EIC Worksheet. Then subtract line 2 from line 1 and enter the result on line 3.

Form 1040 and EIC Worksheet

Figure the amount of your credit on the EIC Worksheet if you meet the rules on page 18 and your total earned income (line 7, Form 1040) and your adjusted gross income (line 31, Form 1040) are each less than \$9,230. Do not attach the EIC Worksheet to your return.

If you **do not** meet all the rules on page 18, then you do not qualify for the earned income credit.

If line 7 includes any amount paid to an inmate in a penal institution for work, see *Earnings while an inmate at a penal institution* on page 23 for a special instruction.

If you were a household employee who did not receive a Form W–2 because your employer paid you less than \$1,000 in 1995, see *Household employees* on page 23 for a special instruction.

If you want the IRS to figure your credit, see *IRS Will Figure Your Credit for You* on page 27.

Important note. If Form 1040, line 7, includes an amount for a taxable scholarship or fellowship grant that was not reported on your Form W–2, enter the total Form 1040 line 7 amount on line 1 of the EIC Worksheet. Next, enter the amount of the taxable scholarship or fellowship grant (that was not reported on your W–2) on line 2 of the EIC Worksheet. Then subtract line 2 from line 1 and enter the result on line 3.

Form 1040EZ and EIC Worksheet

Figure the amount of your credit on the Form 1040EZ EIC Worksheet if you meet the rules on page 18 and your total earned income (line 1, Form 1040EZ) and your adjusted gross income (line 4, Form 1040EZ) are each less than \$9,230. Do not attach the EIC Worksheet to your Form 1040EZ return. See the examples that follow.

If you **do not** meet all the rules on page 18, then you do not qualify for the earned income credit.

If line 1 includes any amount paid to an inmate in a penal institution for work, see *Earnings while an inmate at a penal institution* on page 23 for a special instruction.

If you were a household employee who did not receive a Form W-2 because your employer paid you less than \$1,000 in 1995, see *Household employees* on page 23 for a special instruction.

If you want the IRS to figure your credit, see *IRS Will Figure Your Credit for You* on page 27.

Important note. If Form 1040EZ, line 1, includes an amount for a taxable scholarship or fellowship grant that was not reported on your Form W-2, enter the total Form 1040EZ line 1 amount on line 1 of the EIC Worksheet. Next, enter the amount of the taxable scholarship or fellowship grant (that was not reported on your W-2) on line 2 of the EIC Worksheet. Then subtract line 2 from line 1 and enter the result on line 3.

Remember— If you have a qualifying child, you cannot use Form 1040EZ.

Example 1—Form 1040EZ

Sharon Rose is age 63 and retired. She received \$7,000 of social security in 1995. She earned \$4,850 from a part-time job. She had no other income. Sharon lived in the United States for the entire year and cannot be claimed as a dependent on anyone else's return. Her children are grown and support themselves. She qualifies for the earned income credit and will complete the EIC Worksheet to figure her credit.

Sharon does not have to file a tax return. However, in order to get the earned income credit, she must file a return and complete the EIC Worksheet. Sharon will file Form 1040EZ and complete the EIC Worksheet. The steps she uses and her completed EIC Worksheet are on page 30.

Completing the EIC Worksheet

Sharon figures the amount of her earned income credit on the *Earned Income Credit Worksheet* as follows:

Line 1. She enters \$4,850 from Form 1040EZ, line 1 here.

Line 2. Sharon leaves this line blank because she did not receive any taxable scholarships or fellowship grants.

Line 3. She subtracts line 2 from line 1 and enters \$4,850 here.

Line 4. Sharon leaves this line blank because she does not have any nontaxable earned income. Her social security (\$7,000) is not earned income and is not taxable. Publication 915, *Social Security and Equivalent Railroad Retirement Benefits*, has information about the taxability of social security benefits.

Line 5. She adds lines 3 and 4 and enters \$4,850 here. This is her total earned income.

Line 6. To find her credit, Sharon goes to the *Earned Income Credit Table* on page 39. She finds her earned income of \$4,850 (from line 5 above) in the range of \$4,850 to \$4,900. Sharon follows this line across to the column "No children" and finds \$314. She enters \$314 on line 6.

If the amount on the Form 1040EZ EIC Worksheet, line 5 or line 7, is—		And you listed—		
		No children	One child	Two children
At least	But less than	Your credit is—		
4,800	4,850	314	1,641	1,737
4,850	4,900	314	1,658	1,755
4,900	4,950	314	1,675	1,773
4,950	5,000	314	1,692	1,791

Line 7. She enters \$4,850 from Form 1040EZ, line 4.

Line 8. Sharon checks the box for **No** and follows the instruction because her adjusted gross income of \$4,850 is less than \$5,150.

Line 9. Because Sharon checked the **NO** box for line 8, she enters \$314 from line 6 here and on Form 1040EZ, line 8. The \$314 is Sharon's earned income credit.

Example 2—Form 1040EZ

Kelly Green is age 30 and a full-time student. She lived with her parents in the United States for all of 1995. She had a part-time job and earned \$6,040. She earned \$20 interest on a savings account. She is not a dependent on her parents' return because she does not meet the gross income test. She does not have any children. Kelly qualifies for the earned income credit. Kelly will file Form 1040EZ and complete the Form 1040EZ EIC Worksheet. Her completed EIC Worksheet is on page 32.

Completing the EIC Worksheet

Kelly figures the amount of her earned income credit on the *Earned Income Credit Worksheet* as follows:

Line 1. She enters \$6,040 from Form 1040EZ, line 1 here.

Line 2. Kelly leaves this line blank because she did not receive any taxable scholarships or fellowship grants.

Line 3. Kelly subtracts line 2 from line 1 and enters \$6,040 here.

Line 4. Kelly leaves this line blank because all her income is taxable.

Line 5. She adds lines 3 and 4 and enters \$6,040 here. This is her total earned income.

Line 6. To find her credit, Kelly goes to the *Earned Income Credit Table* on page 37. She finds her earned income of \$6,040 (from line 5 above) in the range of

EIC Worksheet for Sharon Rose

Earned income credit worksheet—Line 8 (keep for your records)



Caution: If you were a household employee who didn't receive a Form W-2 because your employer paid you less than \$1,000 in 1995, see **Special rules** on page 19 before completing this worksheet. Also, see **Special rules** if Form 1040EZ, line 1, includes any amount paid to an inmate in a penal institution.

1. Enter the amount from Form 1040EZ, line 1. 1. 4,850
2. If you received a taxable scholarship or fellowship grant that wasn't reported on a W-2 form, enter that amount here. 2. _____
3. Subtract line 2 from line 1. 3. 4,850
4. Enter any **nontaxable earned income** (see page 18). Types of nontaxable earned income include contributions to a 401(k) plan, and military housing and subsistence. These should be shown in box 13 of your W-2 form. 4. _____
5. Add lines 3 and 4. 5. 4,850

Caution: If line 5 is \$9,230 or more, you cannot take the credit. Print "No" next to line 8 of Form 1040EZ.
6. Look up the amount on line 5 above in the **EIC Table** on page 20 to find your credit. Enter the credit here. 6. 314
7. Enter the amount from Form 1040EZ, line 4. 7. 4,850
8. Is line 7 \$5,150 or more?
 YES. Look up the amount on line 7 above in the **EIC Table** on page 20 to find your credit. Enter the credit here. 8. _____
 NO. Go to line 9.
9. **Earned income credit.**
 - If you checked "YES" on line 8, enter the smaller of line 6 or line 8.
 - If you checked "NO" on line 8, enter the amount from line 6. 9. 314

Next: Take the amount from line 9 above and enter it on Form 1040EZ, line 8.

AND

If you had any nontaxable earned income (see line 4 above), enter the type and amount of that income in the spaces marked "Type" and "\$" on line 8.

\$6,000 to \$6,050. Kelly follows this line across to the column "No children" and finds \$245.

If the amount on the Form 1040EZ EIC Worksheet, line 5 or line 7, is—		And you listed—		
		No children	One child	Two children
At least	But less than	Your credit is—		
6,000	6,050	245	2,049	2,169
6,050	6,100	241	2,066	2,187
6,100	6,150	238	2,083	2,205
6,150	6,200	234	2,094	2,223

Line 7. She enters \$6,060 from Form 1040EZ, line 4.

Line 8. Kelly checks the box for **Yes** and follows the instruction because her adjusted gross income of \$6,060 is more than \$5,150. Kelly again goes to the *Earned Income Credit Table* to find the amount of the credit based on her adjusted gross income. She finds \$6,060 in the range of \$6,050 to \$6,100. Kelly follows this line across to the column "No children" and finds \$241. Kelly enters \$241 here.

If the amount on the Form 1040EZ EIC Worksheet, line 5 or line 7, is—		And you listed—		
		No children	One child	Two children
At least	But less than	Your credit is—		
6,000	6,050	245	2,049	2,169
6,050	6,100	241	2,066	2,187
6,100	6,150	238	2,083	2,205
6,150	6,200	234	2,094	2,223

Line 9. Because Kelly checked the **Yes** box for line 8, she enters the smaller of \$245 (line 6) or \$241 (line 8). She enters \$241 here and on Form 1040EZ, line 8. The \$241 is Kelly's earned income credit.

Part III. Advance Earned Income Credit Payments

Would you like to get part of your earned income credit now instead of waiting until after the end of the year? If you work for someone and expect to qualify for the earned income credit in 1996, you can choose to get part of the credit in advance. Give your employer a 1996 Form W-5, *Earned Income Credit Advance Payment Certificate*, and your employer will include part of the credit regularly in your pay. The advance payment is only available if you have at least one qualifying child.

You Can Get Part Of The Credit For One Child *IN ADVANCE* Regularly In Your Paycheck.

Fill Out --

To Get:

W-5

**\$ PAYCHECK +
PART OF CREDIT
IN ADVANCE**

Who can get the advance payment of the earned income credit? There are certain basic rules you must meet to see if you can get part of the earned income credit paid to you throughout the year in your paycheck. You must:

- 1) Work and earn less than a certain amount. The amount in 1995 was \$24,396. The amount for 1996 will be higher (see Form W-5 for the 1996 amount),
- 2) Have a qualifying child, and
- 3) Meet all the rules on page 4 of this publication or in the instructions for Form W-5.

New legislation for tax year 1996. Beginning in 1996, you cannot claim the earned income credit if your investment income is more than \$2,350. **Investment income** includes taxable interest and dividends, tax-exempt interest, and net income from rents and royalties. Rents and royalties received in a trade or business are not investment income.

Persons who are not entitled to receive advance payments. Under certain circumstances, even if you meet the rules for receiving part of the earned income credit in advance, you may not be entitled to get it. If your wages are not subject to federal income tax, social security tax, or Medicare tax withholding, you cannot get the advance payment of the earned income credit. If you are a farm worker and are paid on a daily basis, your employer is not required to pay you the advance amount of the credit.

How To Get Advance Payments for 1996

To get part of the credit in advance, you must fill out a 1996 Form W-5. After you have read the instructions and answered the questions on Form W-5, give the

EIC Worksheet for Kelly Green

Earned income credit worksheet—Line 8 (keep for your records)



Caution: If you were a household employee who didn't receive a Form W-2 because your employer paid you less than \$1,000 in 1995, see **Special rules** on page 19 before completing this worksheet. Also, see **Special rules** if Form 1040EZ, line 1, includes any amount paid to an inmate in a penal institution.

1. Enter the amount from Form 1040EZ, line 1. 1. 6,040
2. If you received a taxable scholarship or fellowship grant that wasn't reported on a W-2 form, enter that amount here. 2. _____
3. Subtract line 2 from line 1. 3. 6,040
4. Enter any **nontaxable earned income** (see page 18). Types of nontaxable earned income include contributions to a 401(k) plan, and military housing and subsistence. These should be shown in box 13 of your W-2 form. 4. _____
5. Add lines 3 and 4. 5. 6,040

Caution: If line 5 is \$9,230 or more, you cannot take the credit. Print "No" next to line 8 of Form 1040EZ.

6. Look up the amount on line 5 above in the **EIC Table** on page 20 to find your credit. Enter the credit here. 6. 245
7. Enter the amount from Form 1040EZ, line 4. 7. 6,060
8. Is line 7 \$5,150 or more?

YES. Look up the amount on line 7 above in the **EIC Table** on page 20 to find your credit. Enter the credit here.

8. 241

NO. Go to line 9.

9. Earned income credit.

- If you checked "YES" on line 8, enter the **smaller** of line 6 or line 8.
- If you checked "NO" on line 8, enter the amount from line 6.

9. 241

Next: Take the amount from line 9 above and enter it on Form 1040EZ, line 8.

AND

If you had any nontaxable earned income (see line 4 above), enter the type and amount of that income in the spaces marked "Type" and "\$" on line 8.

lower part of the form to your employer. Keep the top part for your records.

If you have more than one employer, give a certificate to only one of them. If you are married and both you and your spouse are employed and expect to qualify for the credit, you may give a Form W-5 to your employer and your spouse may give one to his or her employer.

Important note. If you receive advance earned income credit payments in 1996, you must file Form 1040 or Form 1040A for 1996. You must file a return to report what you already received and to take advantage of any additional earned income credit that you may qualify for.

If you receive advance payments of the earned income credit and later find out that you do not qualify for the credit, you will have to pay back any advance payment you received when you file your Form 1040 or Form 1040A.

The 1996 Form W-5 you give to your employer is valid until December 31, 1996. If you expect to qualify for the earned income credit in 1997 and you want to receive advance payments, you must give your employer a **new** Form W-5 in 1997. Do this each year you think you are eligible for the credit.

When to give your employer a new Form W-5. If you no longer want to get advance payments of the earned income credit or if your situation changes you no longer qualify for the earned income credit, you must give your employer a new Form W-5. Check the **NO** box in question 1 on the new form.

If your spouse files a Form W-5 with his or her employer, you must file a new Form W-5 with your employer. Check the **Yes** box in question 4 that your spouse has filed a Form W-5.

Advance Earned Income Credit Payments Received in 1995

If you received advance payments of the earned income credit in 1995, you must file a tax return to report the payments. Report the amount on line 52, Form 1040 (or line 26, Form 1040A). Your Form W-2, box 9, will show

the amount you received. You cannot use Form 1040EZ to report your advance payments.

Example. Gene and Mary White expect to file a joint return for 1995. Gene earned \$15,000 in 1995. Mary did not work but received \$110 in interest from her savings account. They have a son, Guy, who lived with them all year. The Whites qualify for the earned income credit and wanted to receive it in advance during 1995. Gene gave a 1995 Form W-5 to his employer. If Gene wants to receive the advance credit in 1996, he must fill out a 1996 Form W-5 and give it to his employer.

During 1995, Gene received \$832 of advance earned income credit payments in his weekly pay. This amount is shown in box 9 of Gene's 1995 Form W-2. The Whites must file a 1995 return to report the \$832. They file a joint return using Form 1040A and enter the \$832 on line 26.

When they file their return, they will claim a credit of \$1,482. They subtract \$991 (\$159 tax liability plus \$832 advance payment) from \$1,782 (\$300 tax withheld plus \$1,482 earned income credit). They find that they will get a refund of \$791. The Whites fill out Schedule EIC (because they have a qualifying child) and attach it to their tax return. They also fill out the Form 1040A EIC Worksheet to figure the amount of their credit. Schedule EIC and the Form 1040A EIC Worksheet are not shown for the Whites. See Gene and Mary White's completed 1995 Form 1040A on pages 34 and 35.

Checklist and Table For Figuring the Credit

The pages that follow have some helpful information you may need. They are:

- Gene and Mary White's 1995 Form 1040A, pages 34 and 35,
- Eligibility Checklist. This is your final check to see if you really do qualify for the earned income credit, page 36, and
- The Earned Income Credit Table, beginning on page 37.

Figure your standard deduction, exemption amount, and taxable income

17 Enter the amount from line 16. 17 **15,110**

18a Check You were 65 or older Blind } Enter number of boxes checked ▶ 18a
 if: Spouse was 65 or older Blind }
 b If your parent (or someone else) can claim you as a dependent, check here. ▶ 18b
 c If you are married filing separately and your spouse itemizes deductions; see page 40 and check here. ▶ 18c

19 Enter the **standard deduction** shown below for your filing status. But if you checked any box on line 18a or b, go to page 40 to find your standard deduction. If you checked box 18c, enter -0-.
 • Single—\$3,900 • Married filing jointly or Qualifying widow(er)—\$6,550
 • Head of household—\$5,750 • Married filing separately—\$3,275 19 **6,550**

20 Subtract line 19 from line 17. If line 19 is more than line 17, enter -0-. 20 **8,560**

21 Multiply \$2,500 by the total number of exemptions claimed on line 6e. 21 **7,500**

22 Subtract line 21 from line 20. If line 21 is more than line 20, enter -0-. This is your **taxable income**. ▶ 22 **1,060**

Figure your tax, credits, and payments

If you want the IRS to figure your tax, see the instructions for line 22 on page 41.

23 Find the tax on the amount on line 22. Check if from:
 Tax Table (pages 65-70) or Form 8615 (see page 42). 23 **159**

24a Credit for child and dependent care expenses. Attach Schedule 2. 24a

b Credit for the elderly or the disabled. Attach Schedule 3. 24b

c Add lines 24a and 24b. These are your **total credits**. 24c

25 Subtract line 24c from line 23. If line 24c is more than line 23, enter -0-. 25 **159**

26 Advance earned income credit payments from Form W-2. 26 **832**

27 Household employment taxes. Attach Schedule H. 27

28 Add lines 25, 26, and 27. This is your **total tax**. ▶ 28 **991**

29a Total Federal income tax withheld. If any is from Form(s) 1099, check here. ▶ 29a **300**

b 1995 estimated tax payments and amount applied from 1994 return. 29b

c **Earned income credit**. Attach Schedule EIC if you have a qualifying child. 29c **1,482**
 Nontaxable earned income: amount ▶ and type ▶

d Add lines 29a, 29b, and 29c (don't include nontaxable earned income). These are your **total payments**. ▶ 29d **1,782**

Figure your refund or amount you owe

30 If line 29d is more than line 28, subtract line 28 from line 29d. This is the amount you **overpaid**. 30 **791**

31 Amount of line 30 you want **refunded to you**. 31 **791**

32 Amount of line 30 you want **applied to your 1996 estimated tax**. 32

33 If line 28 is more than line 29d, subtract line 29d from line 28. This is the amount you owe. For details on how to pay, including what to write on your payment, see page 55. 33

34 Estimated tax penalty (see page 55). Also, include on line 33. 34

Sign your return

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Keep a copy of this return for your records.	Your signature	Date	Your occupation
	<i>Helen A. White</i>	2-15-96	Welder
Paid preparer's use only	Spouse's signature. If joint return, BOTH must sign.	Date	Spouse's occupation
	<i>Mary B White</i>	2-15-96	Domestic Engineer
Paid preparer's use only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/> Preparer's SSN
	Firm's name (or yours if self-employed) and address	EIN	
		ZIP code	

11ASAAA



Earned Income Credit (EIC) Eligibility Checklist

**CAN YOU REALLY CLAIM THE EARNED INCOME CREDIT?
(For use in preparing 1995 tax returns)**

*You may claim the earned income credit if you answer YES to all the following questions.**

- | | YES | NO |
|--|--------------------------|--------------------------|
| 1. Is the total of your taxable and nontaxable earned income at least \$1 but less than:
<ul style="list-style-type: none"> • \$ 9,230 if you do not have a qualifying child • \$24,396 if you have one qualifying child • \$26,673 if you have more than one qualifying child | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is your adjusted gross income (Form 1040, line 31; Form 1040A, line 16; Form 1040EZ, line 4) less than:
<ul style="list-style-type: none"> • \$ 9,230 if you do not have a qualifying child • \$24,396 if you have one qualifying child • \$26,673 if you have more than one qualifying child | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is your filing status married filing jointly, head of household, qualifying widow(er), or single? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Answer YES if you are not a qualifying child of another person (See Qualifying child of another person.) | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Answer YES if you did not file Form 2555 or Form 2555-EZ to exclude from your gross income any income earned in foreign countries or to deduct or exclude a foreign housing amount. | <input type="checkbox"/> | <input type="checkbox"/> |

STOP: If you have a qualifying child, answer question 6 and skip 7. If you do not have a qualifying child, skip 6 and answer 7. (Qualifying child is explained on page 6.)*

- | | | |
|---|--------------------------|--------------------------|
| 6. • Did your qualifying child live with you in the United States for more than half the year (the whole year if an eligible foster child)? Includes military personnel on extended active duty outside the U.S. | <input type="checkbox"/> | <input type="checkbox"/> |
| • Answer YES if your qualifying child is also a qualifying child for another person and your adjusted gross income is higher than the other person's. Answer YES if your child is only a qualifying child for you. | <input type="checkbox"/> | <input type="checkbox"/> |
| • If your qualifying child is married, did you claim the child as a dependent? If your qualifying child is not married, check YES (See Qualifying child who is married on page 6 for an exception.) | <input type="checkbox"/> | <input type="checkbox"/> |
| OR | | |
| 7. • Was your main home in the United States for more than half the year? Includes military personnel on extended active duty outside the U.S. | <input type="checkbox"/> | <input type="checkbox"/> |
| • Were you (or your spouse, if filing a joint return) at least age 25 but less than 65 at the end of your tax year? | <input type="checkbox"/> | <input type="checkbox"/> |
| • No one can claim you as a dependent on their return. If you are not eligible to be a dependent on anyone else's return, check YES . If you are eligible to be claimed as a dependent on someone else's return, check NO . | <input type="checkbox"/> | <input type="checkbox"/> |

* **PERSONS WITH A QUALIFYING CHILD:** If you answered **YES** to questions 1 through 6, you can claim the credit. Remember to fill out Schedule EIC and attach it to your return. Also, use the EIC Worksheet to figure your credit.

PERSONS WITHOUT A QUALIFYING CHILD: If you answered **YES** to questions 1 through 5 and 7, you can claim the credit. Use the EIC Worksheet to figure your credit. Remember, you can use Form 1040EZ.

IF YOU ANSWERED NO TO ANY QUESTION: You are not eligible for the credit.

1995 Earned Income Credit (EIC) Table

Caution: This is not a tax table.

To find your credit: Read down the "At least — But less than" columns under the Earned Income Credit Worksheet column below and find the line that includes the amount entered on line 5 or 7, Form 1040EZ or Form 1040A EIC Worksheet, or line 6 or 8, Form 1040 EIC Worksheet. Then read across to the column that fits your circumstance and enter the credit from the column on line 6 or line 8, Form 1040EZ or 1040A EIC Worksheet, or line 7 or 9, Form 1040 EIC Worksheet.

INCOME FROM EIC WORKSHEET—see "To find your credit" above		And you have—			INCOME FROM EIC WORKSHEET—see "To find your credit" above		And you have—			INCOME FROM EIC WORKSHEET—see "To find your credit" above		And you have—			INCOME FROM EIC WORKSHEET—see "To find your credit" above		And you have—		
At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children
\$1	\$50	\$2	\$9	\$9	3,000	3,050	231	1,029	1,089	6,000	6,050	245	2,049	2,169	9,000	9,050	16	2,094	3,110
50	100	6	26	27	3,050	3,100	235	1,046	1,107	6,050	6,100	241	2,066	2,187	9,050	9,100	12	2,094	3,110
100	150	10	43	45	3,100	3,150	239	1,063	1,125	6,100	6,150	238	2,083	2,205	9,100	9,150	8	2,094	3,110
150	200	13	60	63	3,150	3,200	243	1,080	1,143	6,150	6,200	234	2,094	2,223	9,150	9,200	4	2,094	3,110
200	250	17	77	81	3,200	3,250	247	1,097	1,161	6,200	6,250	230	2,094	2,241	9,200	9,250	0	2,094	3,110
250	300	21	94	98	3,250	3,300	251	1,114	1,179	6,250	6,300	226	2,094	2,259	9,250	11,300	0	2,094	3,110
300	350	25	111	117	3,300	3,350	254	1,131	1,197	6,300	6,350	222	2,094	2,277	11,300	11,350	0	2,089	3,103
350	400	29	128	135	3,350	3,400	258	1,148	1,215	6,350	6,400	218	2,094	2,295	11,350	11,400	0	2,081	3,093
400	450	33	145	153	3,400	3,450	262	1,165	1,233	6,400	6,450	215	2,094	2,313	11,400	11,450	0	2,073	3,083
450	500	36	162	171	3,450	3,500	266	1,182	1,251	6,450	6,500	211	2,094	2,331	11,450	11,500	0	2,065	3,073
500	550	40	179	189	3,500	3,550	270	1,199	1,269	6,500	6,550	207	2,094	2,349	11,500	11,550	0	2,057	3,063
550	600	44	196	207	3,550	3,600	273	1,216	1,287	6,550	6,600	203	2,094	2,367	11,550	11,600	0	2,049	3,053
600	650	48	213	225	3,600	3,650	277	1,233	1,305	6,600	6,650	199	2,094	2,385	11,600	11,650	0	2,041	3,043
650	700	52	230	243	3,650	3,700	281	1,250	1,323	6,650	6,700	195	2,094	2,403	11,650	11,700	0	2,033	3,033
700	750	55	247	261	3,700	3,750	285	1,267	1,341	6,700	6,750	192	2,094	2,421	11,700	11,750	0	2,025	3,022
750	800	59	264	279	3,750	3,800	289	1,284	1,359	6,750	6,800	188	2,094	2,439	11,750	11,800	0	2,017	3,012
800	850	63	281	297	3,800	3,850	293	1,301	1,377	6,800	6,850	184	2,094	2,457	11,800	11,850	0	2,009	3,002
850	900	67	298	315	3,850	3,900	296	1,318	1,395	6,850	6,900	180	2,094	2,475	11,850	11,900	0	2,001	2,992
900	950	71	315	333	3,900	3,950	300	1,335	1,413	6,900	6,950	176	2,094	2,493	11,900	11,950	0	1,993	2,982
950	1,000	75	332	351	3,950	4,000	304	1,352	1,431	6,950	7,000	173	2,094	2,511	11,950	12,000	0	1,985	2,972
1,000	1,050	78	349	369	4,000	4,050	308	1,369	1,449	7,000	7,050	169	2,094	2,529	12,000	12,050	0	1,977	2,962
1,050	1,100	82	366	387	4,050	4,100	312	1,386	1,467	7,050	7,100	165	2,094	2,547	12,050	12,100	0	1,969	2,952
1,100	1,150	86	383	405	4,100	4,150	314	1,403	1,485	7,100	7,150	161	2,094	2,565	12,100	12,150	0	1,961	2,942
1,150	1,200	90	400	423	4,150	4,200	314	1,420	1,503	7,150	7,200	157	2,094	2,583	12,150	12,200	0	1,953	2,931
1,200	1,250	94	417	441	4,200	4,250	314	1,437	1,521	7,200	7,250	153	2,094	2,601	12,200	12,250	0	1,945	2,921
1,250	1,300	98	434	459	4,250	4,300	314	1,454	1,539	7,250	7,300	150	2,094	2,619	12,250	12,300	0	1,937	2,911
1,300	1,350	101	451	477	4,300	4,350	314	1,471	1,557	7,300	7,350	146	2,094	2,637	12,300	12,350	0	1,929	2,901
1,350	1,400	105	468	495	4,350	4,400	314	1,488	1,575	7,350	7,400	142	2,094	2,655	12,350	12,400	0	1,921	2,891
1,400	1,450	109	485	513	4,400	4,450	314	1,505	1,593	7,400	7,450	138	2,094	2,673	12,400	12,450	0	1,913	2,881
1,450	1,500	113	502	531	4,450	4,500	314	1,522	1,611	7,450	7,500	134	2,094	2,691	12,450	12,500	0	1,905	2,871
1,500	1,550	117	519	549	4,500	4,550	314	1,539	1,629	7,500	7,550	130	2,094	2,709	12,500	12,550	0	1,897	2,861
1,550	1,600	120	536	567	4,550	4,600	314	1,556	1,647	7,550	7,600	127	2,094	2,727	12,550	12,600	0	1,889	2,851
1,600	1,650	124	553	585	4,600	4,650	314	1,573	1,665	7,600	7,650	123	2,094	2,745	12,600	12,650	0	1,881	2,840
1,650	1,700	128	570	603	4,650	4,700	314	1,590	1,683	7,650	7,700	119	2,094	2,763	12,650	12,700	0	1,873	2,830
1,700	1,750	132	587	621	4,700	4,750	314	1,607	1,701	7,700	7,750	115	2,094	2,781	12,700	12,750	0	1,865	2,820
1,750	1,800	136	604	639	4,750	4,800	314	1,624	1,719	7,750	7,800	111	2,094	2,799	12,750	12,800	0	1,857	2,810
1,800	1,850	140	621	657	4,800	4,850	314	1,641	1,737	7,800	7,850	107	2,094	2,817	12,800	12,850	0	1,849	2,800
1,850	1,900	143	638	675	4,850	4,900	314	1,658	1,755	7,850	7,900	104	2,094	2,835	12,850	12,900	0	1,841	2,790
1,900	1,950	147	655	693	4,900	4,950	314	1,675	1,773	7,900	7,950	100	2,094	2,853	12,900	12,950	0	1,833	2,780
1,950	2,000	151	672	711	4,950	5,000	314	1,692	1,791	7,950	8,000	96	2,094	2,871	12,950	13,000	0	1,825	2,770
2,000	2,050	155	689	729	5,000	5,050	314	1,709	1,809	8,000	8,050	92	2,094	2,889	13,000	13,050	0	1,817	2,760
2,050	2,100	159	706	747	5,050	5,100	314	1,726	1,827	8,050	8,100	88	2,094	2,907	13,050	13,100	0	1,809	2,749
2,100	2,150	163	723	765	5,100	5,150	314	1,743	1,845	8,100	8,150	85	2,094	2,925	13,100	13,150	0	1,801	2,739
2,150	2,200	166	740	783	5,150	5,200	310	1,760	1,863	8,150	8,200	81	2,094	2,943	13,150	13,200	0	1,793	2,729
2,200	2,250	170	757	801	5,200	5,250	306	1,777	1,881	8,200	8,250	77	2,094	2,961	13,200	13,250	0	1,785	2,719
2,250	2,300	174	774	819	5,250	5,300	303	1,794	1,899	8,250	8,300	73	2,094	2,979	13,250	13,300	0	1,777	2,709
2,300	2,350	178	791	837	5,300	5,350	299	1,811	1,917	8,300	8,350	69	2,094	2,997	13,300	13,350	0	1,769	2,699
2,350	2,400	182	808	855	5,350	5,400	295	1,828	1,935	8,350	8,400	65	2,094	3,015	13,350	13,400	0	1,761	2,689
2,400	2,450	186	825	873	5,400	5,450	291	1,845	1,953	8,400	8,450	62	2,094	3,033	13,400	13,450	0	1,753	2,679
2,450	2,500	189	842	891	5,450	5,500	287	1,862	1,971	8,450	8,500	58	2,094	3,051	13,450	13,500	0	1,745	2,669
2,500	2,550	193	859	909	5,500	5,550	283	1,879	1,989	8,500	8,550	54	2,094	3,069	13,500	13,550	0	1,737	2,659
2,550	2,600	197	876	927	5,550	5,600	280	1,896	2,007	8,550	8,600	50	2,094	3,087	13,550	13,600	0	1,729	2,649
2,600	2,650	201	893	945	5,600	5,650	276	1,913	2,025	8,600	8,650	46	2,094	3,105					
2,650	2,700	205	910	963	5,650	5,700	272	1,930	2,043	8,650	8,700	42	2,094	3,110					
2,700	2,750	208	927	981	5,700	5,750	268	1,947	2,061	8,700	8,750	39	2,094	3,110					
2,750	2,800	212	944	999	5,750	5,800	264	1,964	2,079	8,750	8,800	35	2,094	3,110					
2,800	2,850	216	961	1,017	5,800	5,850	260	1,981	2,097	8,800	8,850	31	2,094	3,110					
2,850	2,900	220	978	1,035	5,850	5,900	257	1,998	2,115	8,850	8,900	27	2,094	3,110					
2,900	2,950	224	995	1,053	5,900	5,950	253	2,015	2,133	8,900	8,950	23	2,094	3,110					
2,950	3,000	228	1,012	1,071	5,950	6,000	249	2,032	2,151	8,950	9,000	20	2,094	3,110					

* If the amount on line 5 or 7 (Form 1040A or 1040EZ EIC Worksheet) or line 6 or 8 (Form 1040 EIC Worksheet) is at least \$9,200 but less than \$9,230, your credit is \$1. Otherwise, you cannot take the credit.

1995 Earned Income Credit (EIC) Table Continued

INCOME FROM EIC WORKSHEET— see "To find your credit" above		And you have—			INCOME FROM EIC WORKSHEET— see "To find your credit" above		And you have—			INCOME FROM EIC WORKSHEET— see "To find your credit" above		And you have—							
		No children	One child	Two children			No children	One child	Two children			No children	One child	Two children	No children	One child	Two children		
At least	But less than	Your credit is—			At least	But less than	Your credit is—			At least	But less than	Your credit is—							
13,600	13,850	0	1,721	2,638	17,000	17,050	0	1,178	1,951	20,400	20,450	0	635	1,263	23,800	23,860	0	91	576
13,650	13,700	0	1,713	2,628	17,050	17,100	0	1,170	1,941	20,450	20,500	0	627	1,253	23,850	23,900	0	83	566
13,700	13,750	0	1,705	2,618	17,100	17,150	0	1,162	1,931	20,500	20,550	0	619	1,243	23,900	23,950	0	75	556
13,750	13,800	0	1,697	2,608	17,150	17,200	0	1,154	1,920	20,550	20,600	0	611	1,233	23,950	24,000	0	67	545
13,800	13,850	0	1,689	2,598	17,200	17,250	0	1,146	1,910	20,600	20,650	0	603	1,223	24,000	24,050	0	59	535
13,850	13,900	0	1,681	2,588	17,250	17,300	0	1,138	1,900	20,650	20,700	0	595	1,213	24,050	24,100	0	51	525
13,900	13,950	0	1,673	2,578	17,300	17,350	0	1,130	1,890	20,700	20,750	0	587	1,203	24,100	24,150	0	43	515
13,950	14,000	0	1,665	2,567	17,350	17,400	0	1,122	1,880	20,750	20,800	0	579	1,193	24,150	24,200	0	35	505
14,000	14,050	0	1,657	2,557	17,400	17,450	0	1,114	1,870	20,800	20,850	0	571	1,182	24,200	24,250	0	27	495
14,050	14,100	0	1,649	2,547	17,450	17,500	0	1,106	1,860	20,850	20,900	0	563	1,172	24,250	24,300	0	19	485
14,100	14,150	0	1,641	2,537	17,500	17,550	0	1,098	1,850	20,900	20,950	0	555	1,162	24,300	24,350	0	11	475
14,150	14,200	0	1,633	2,527	17,550	17,600	0	1,090	1,840	20,950	21,000	0	547	1,152	24,350	24,400	0	3	465
14,200	14,250	0	1,625	2,517	17,600	17,650	0	1,082	1,829	21,000	21,050	0	539	1,142	24,400	24,450	0	0	455
14,250	14,300	0	1,617	2,507	17,650	17,700	0	1,074	1,819	21,050	21,100	0	531	1,132	24,450	24,500	0	0	444
14,300	14,350	0	1,609	2,497	17,700	17,750	0	1,066	1,809	21,100	21,150	0	523	1,122	24,500	24,550	0	0	434
14,350	14,400	0	1,601	2,487	17,750	17,800	0	1,058	1,799	21,150	21,200	0	515	1,112	24,550	24,600	0	0	424
14,400	14,450	0	1,593	2,477	17,800	17,850	0	1,050	1,789	21,200	21,250	0	507	1,102	24,600	24,650	0	0	414
14,450	14,500	0	1,585	2,468	17,850	17,900	0	1,042	1,779	21,250	21,300	0	499	1,091	24,650	24,700	0	0	404
14,500	14,550	0	1,577	2,458	17,900	17,950	0	1,034	1,769	21,300	21,350	0	491	1,081	24,700	24,750	0	0	394
14,550	14,600	0	1,569	2,448	17,950	18,000	0	1,026	1,759	21,350	21,400	0	483	1,071	24,750	24,800	0	0	384
14,600	14,650	0	1,561	2,438	18,000	18,050	0	1,018	1,749	21,400	21,450	0	475	1,061	24,800	24,850	0	0	374
14,650	14,700	0	1,553	2,428	18,050	18,100	0	1,010	1,738	21,450	21,500	0	467	1,051	24,850	24,900	0	0	364
14,700	14,750	0	1,545	2,418	18,100	18,150	0	1,002	1,728	21,500	21,550	0	459	1,041	24,900	24,950	0	0	353
14,750	14,800	0	1,537	2,408	18,150	18,200	0	994	1,718	21,550	21,600	0	451	1,031	24,950	25,000	0	0	343
14,800	14,850	0	1,530	2,398	18,200	18,250	0	986	1,708	21,600	21,650	0	443	1,021	25,000	25,050	0	0	333
14,850	14,900	0	1,522	2,388	18,250	18,300	0	978	1,698	21,650	21,700	0	435	1,011	25,050	25,100	0	0	323
14,900	14,950	0	1,514	2,378	18,300	18,350	0	970	1,688	21,700	21,750	0	427	1,000	25,100	25,150	0	0	313
14,950	15,000	0	1,506	2,368	18,350	18,400	0	962	1,678	21,750	21,800	0	419	990	25,150	25,200	0	0	303
15,000	15,050	0	1,498	2,358	18,400	18,450	0	954	1,668	21,800	21,850	0	411	980	25,200	25,250	0	0	293
15,050	15,100	0	1,490	2,348	18,450	18,500	0	946	1,658	21,850	21,900	0	403	970	25,250	25,300	0	0	283
15,100	15,150	0	1,482	2,338	18,500	18,550	0	938	1,647	21,900	21,950	0	395	960	25,300	25,350	0	0	273
15,150	15,200	0	1,474	2,328	18,550	18,600	0	930	1,637	21,950	22,000	0	387	950	25,350	25,400	0	0	262
15,200	15,250	0	1,466	2,318	18,600	18,650	0	922	1,627	22,000	22,050	0	379	940	25,400	25,450	0	0	252
15,250	15,300	0	1,458	2,308	18,650	18,700	0	914	1,617	22,050	22,100	0	371	930	25,450	25,500	0	0	242
15,300	15,350	0	1,450	2,298	18,700	18,750	0	906	1,607	22,100	22,150	0	363	920	25,500	25,550	0	0	232
15,350	15,400	0	1,442	2,288	18,750	18,800	0	898	1,597	22,150	22,200	0	355	909	25,550	25,600	0	0	222
15,400	15,450	0	1,434	2,278	18,800	18,850	0	890	1,587	22,200	22,250	0	347	899	25,600	25,650	0	0	212
15,450	15,500	0	1,426	2,268	18,850	18,900	0	882	1,577	22,250	22,300	0	339	889	25,650	25,700	0	0	202
15,500	15,550	0	1,418	2,258	18,900	18,950	0	874	1,567	22,300	22,350	0	331	879	25,700	25,750	0	0	192
15,550	15,600	0	1,410	2,248	18,950	19,000	0	866	1,556	22,350	22,400	0	323	869	25,750	25,800	0	0	182
15,600	15,650	0	1,402	2,238	19,000	19,050	0	858	1,546	22,400	22,450	0	315	859	25,800	25,850	0	0	171
15,650	15,700	0	1,394	2,228	19,050	19,100	0	850	1,536	22,450	22,500	0	307	849	25,850	25,900	0	0	161
15,700	15,750	0	1,386	2,218	19,100	19,150	0	842	1,526	22,500	22,550	0	299	839	25,900	25,950	0	0	151
15,750	15,800	0	1,378	2,208	19,150	19,200	0	834	1,516	22,550	22,600	0	291	829	25,950	26,000	0	0	141
15,800	15,850	0	1,370	2,198	19,200	19,250	0	826	1,506	22,600	22,650	0	283	818	26,000	26,050	0	0	131
15,850	15,900	0	1,362	2,188	19,250	19,300	0	818	1,496	22,650	22,700	0	275	808	26,050	26,100	0	0	121
15,900	15,950	0	1,354	2,178	19,300	19,350	0	810	1,486	22,700	22,750	0	267	798	26,100	26,150	0	0	111
15,950	16,000	0	1,346	2,168	19,350	19,400	0	802	1,476	22,750	22,800	0	259	788	26,150	26,200	0	0	101
16,000	16,050	0	1,338	2,158	19,400	19,450	0	794	1,466	22,800	22,850	0	251	778	26,200	26,250	0	0	91
16,050	16,100	0	1,330	2,148	19,450	19,500	0	786	1,456	22,850	22,900	0	243	768	26,250	26,300	0	0	80
16,100	16,150	0	1,322	2,138	19,500	19,550	0	778	1,445	22,900	22,950	0	235	758	26,300	26,350	0	0	70
16,150	16,200	0	1,314	2,128	19,550	19,600	0	770	1,435	22,950	23,000	0	227	748	26,350	26,400	0	0	60
16,200	16,250	0	1,306	2,118	19,600	19,650	0	762	1,425	23,000	23,050	0	219	738	26,400	26,450	0	0	50
16,250	16,300	0	1,298	2,108	19,650	19,700	0	754	1,415	23,050	23,100	0	211	727	26,450	26,500	0	0	40
16,300	16,350	0	1,290	2,098	19,700	19,750	0	746	1,405	23,100	23,150	0	203	717	26,500	26,550	0	0	30
16,350	16,400	0	1,282	2,088	19,750	19,800	0	738	1,395	23,150	23,200	0	195	707	26,550	26,600	0	0	20
16,400	16,450	0	1,274	2,078	19,800	19,850	0	731	1,385	23,200	23,250	0	187	697	26,600	26,650	0	0	10
16,450	16,500	0	1,266	2,068	19,850	19,900	0	723	1,375	23,250	23,300	0	179	687	26,650	26,673	0	0	2
16,500	16,550	0	1,258	2,058	19,900	19,950	0	715	1,364	23,300	23,350	0	171	677	26,673	or more	0	0	0
16,550	16,600	0	1,250	2,048	19,950	20,000	0	707	1,354	23,350	23,400	0	163	667					
16,600	16,650	0	1,242	2,038	20,000	20,050	0	699	1,344	23,400	23,450	0	155	657					
16,650	16,700	0	1,234	2,028	20,050	20,100	0	691	1,334	23,450	23,500	0	147	647					
16,700	16,750	0	1,226	2,018	20,100	20,150	0	683	1,324	23,500	23,550	0	139	636					
16,750	16,800	0	1,218	2,008	20,150	20,200	0	675	1,314	23,550	23,600	0	131	626					
16,800	16,850	0	1,210	1,998	20,200	20,250	0</												