

Sample article for organizations to use to reach customers/taxpayers

Customize and provide the following article on your website to help your customers with disabilities find tax help that relates to their questions.

If I receive disability benefits, will I be eligible for the Earned Income Tax Credit?

It's a fact. Many individuals with disabilities want to work. And you must have earned income to be eligible for the EITC. If you receive disability benefits such as the following, they are NOT counted as earned income.

- Social Security Disability Insurance
- Supplemental Security Income
- Military disability pensions
- Payments from individually-purchased disability insurance policies

But the GOOD NEWS is that if you receive these types of benefits—*and also have earned income*—then you may qualify for the EITC.

While most disability-related benefits are not considered earned income, different rules apply to long-term, employer-paid disability benefits. If you received these and are under the minimum retirement age*, you can qualify for EITC, even if you did not work during the tax year.

According to Verlinda Paul, IRS Director EITC Program Office, "Long-term, employer-paid disability benefits are taxable income. As such they are reported as wages on your tax return and are considered earned income in determining eligibility for the EITC as well as the Child Tax Credit."

If the EITC amounts you receive are not spent within a certain period of time, however, they may count as an asset (or resource) and affect your eligibility. Check out IRS [Publication 907](#), *Tax Highlights for Persons with Disabilities*, for more details.

Will claiming EITC affect my eligibility for the other disability benefits I receive?

EITC has no effect on certain public benefits. Any refund you receive because of the EITC will not be considered income when determining whether you are eligible for the following benefit programs, or how much you can receive from these programs:

- Medicaid
- Supplemental Security Income (SSI)
- Food stamps
- Low-income housing

Temporary assistance for needy families (TANF) benefits may be affected. You will need to check with your state.

You can work! If you receive disability benefits, you may still be able to receive them while you test your work abilities and explore the possibilities.

** Minimum retirement age generally is the earliest age at which a non-disabled taxpayer can receive a pension or annuity under the employer's retirement plan. Taxpayers must report their taxable disability payments on line 7 of either Form 1040 or Form 1040A, until they reach minimum retirement age.*

NOTE TO EDITOR: Below are links to more information and publications on EITC and people with disabilities.

- More IRS tax information for [persons with disabilities](#)
- [Publication 907](#), *Tax Highlights for Persons with Disabilities*
- [EITC Toolkit](#) for spreading the word
- Learn more about the [Social Security Disability Program](#)