

# Q&A



Life's a little easier with



EITC is for people who earn less than \$53,267. If you qualify, it could be worth as much as \$6,242 this year. So you could pay less federal tax or even get money back. EITC provides a boost to help pay your bills, fix up your place, or save for a rainy day.

**Just imagine what you could do with EITC.**



See if you qualify.  
[www.irs.gov/eitc](http://www.irs.gov/eitc)



## What is EITC?

EITC is a credit for people who work for someone else or own a business or a farm. To qualify, the amount of income you earned must be less than \$53,267. This year, the credit ranges from \$2 to \$6,242. The amount depends on:

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

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

## Am I eligible for EITC in 2015?

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

- You must have earned income from employment or self-employment.
- Your earned and total income must be less than:
  - » \$14,820 (\$20,330 if married filing a joint return) with no qualifying children,
  - » \$39,131 (\$44,651 if married filing a joint return) with one qualifying child,
  - » \$44,454 (\$49,974 if married filing a joint return) with two qualifying children,
  - » \$47,747 (\$53,267 if married filing a joint return) with three or more qualifying children.
- Your investment income (such as interest) must be \$3,400 or less.
- Your filing status cannot be married filing separately.
- You must be a U.S. citizen or resident alien all year, or a nonresident alien married to a U.S. citizen or resident alien and filing a joint return.
- You and your spouse, if you file a joint return, must have a Social Security number, that is valid for employment.
- You and your spouse, if you file a joint return, cannot be a qualifying child of another person.
- You, and your spouse, if you file a joint return, must have a qualifying child or you must:
  - » be age 25 but under 65 at the end of the year,
  - » live in the United States\* for more than half the year, and
  - » not qualify as a dependent of another person.

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

## Who is a qualifying child?

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

- Is your son, daughter, stepchild, foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them.
- At the end of the year was:
  - » younger than you (or your spouse if filing a joint return) and under age 19, or
  - » younger than you (or your spouse if filing a joint return), under age 24 and a full-time student, or
  - » any age if permanently and totally disabled at any time during the year.

- Must not have filed a joint return, unless the return was filed to receive a refund only and neither your child or your child's spouse is required to file a tax return.
- Lived with you in the United States for more than half the year.

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

A foster child is any child placed with you by an authorized placement agency or a court.

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

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

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

### **What are the tiebreaker rules?**

The tiebreaker rules state the child is treated as a qualifying child only of:

- The parents, if they file a joint return, or
- The parent, if only one of the persons is the child's parent, or
- The parent the child lived with the longest during the year, if two of the persons are the parents who do not file a joint return together, or
- The parent with the highest AGI, if the child lived with each parent for the same amount of time during the year and they do not file a joint return together, or
- The person with the highest AGI if no parent can claim the child as a qualifying child or
- A person with the higher AGI than any parent who can also claim the child as a qualifying child but does not.

### **What is a valid Social Security number?**

You (and your spouse if filing a joint return) must have a SSN that is valid for employment to claim EITC. Any qualifying child listed on Schedule EIC must also have a SSN that is valid for employment. SSNs are issued only by the Social Security Administration. To get one, you must prove your U.S. citizenship or immigration status, age and identity.

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

### **What is earned income?**

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

- taxable wages, salaries and tips
- net earnings from self-employment or owning or running a business or farm
- gross income received as a statutory employee

Earned income does not include:

- nontaxable employee benefits such as education assistance
- pensions, alimony, child support and Temporary Assistance for Needy Families (TANF)

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

### **How do I figure my EITC?**

If you qualify to claim it, you can figure the credit yourself or have the IRS do it for you. Either way, you can use Publication 596, Earned Income Credit, for requirements, worksheets and examples or use the EITC Assistant at [www.irs.gov/eitc](http://www.irs.gov/eitc).

Keep in mind:

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

### **What happens if your EITC claim has errors?**

If the IRS audits your return and finds the EITC claim incorrect, you must pay back the amount of EITC you received in error plus interest and penalties. Also, you may have to file Form 8862 for future claims. If the IRS finds your incorrect claim was intentional or fraudulent, we may ban you from claiming EITC for 2 or 10 years.

### **How can I get help?**

- Go to [www.irs.gov/eitc](http://www.irs.gov/eitc) for free information and to check out the interactive EITC Assistant to see if you qualify and estimate the amount of your EITC.
- Visit a VITA, Volunteer Income Tax Assistance, site for free tax help and preparation. Call 1-800-906-9887 to find a site.
- Use Free File at [www.irs.gov](http://www.irs.gov) for free online filing through commercially available tax preparation software.
- Find a qualified tax preparer; find tips for choosing on IRS.gov keyword: Choose Preparer.
- Call 1-800-829-4059 if you have access to TTY/TDD equipment for the hearing impaired.