

EITC - Ten Things You May Not Know

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Ten Things You May Not Know About the Earned Income Tax Credit

The Earned Income Tax Credit is for people who work, but have lower incomes. Here are some things you may not know about the EITC.

1. A quarter of all taxpayers that qualify don't claim the credit. The Earned Income Tax Credit is money you can use to make a difference in your life. Just because you didn't qualify last year, doesn't mean you won't this year. As your financial situation changes from year-to-year you should review the EITC eligibility rules to determine if you qualify.

2. If you qualify, it could be worth up to \$4,800 this year. If you qualify, you could pay less federal tax or even get a refund. The EITC is based on the amount of your earned income and whether or not there are qualifying children in your household.

3. Your filing status cannot be Married Filing Separately. Your filing status must be married filing jointly, head of household, qualifying widow or single.

4. You must have a valid Social Security Number. You, your spouse (if filing a joint return) and any qualifying child listed on Schedule EIC must have a valid SSN issued by the Social Security Administration.

5. You must have earned income. This credit is called the "earned income" tax credit because you must work and have earned income to qualify. You have earned income if you work for someone who pays you wages or you are self-employed.

6. Married couples and single people without kids may qualify. If you do not have qualifying children, you must also meet the age and residency requirements as well as dependency rules.

7. Special rules apply to members of the U.S. Armed Forces in combat zones. Members of the military can elect to include their nontaxable combat pay in earned income for the EITC. If you make the election, the combat pay remains nontaxable, but you must include in earned income all nontaxable combat pay you received.

8. You can visit the IRS Web site to estimate your credit online. It's easy to determine whether you qualify for the EITC. The EITC Assistant, an interactive tool available on IRS.gov, removes the guesswork from eligibility rules. Just answer a few simple questions to find out if you qualify and to estimate the amount of your EITC. You will see the results of your responses right away.

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9. E-file programs will figure the credit for you. If you are preparing your taxes electronically, the software program you use will figure the credit for you. If you qualify for the credit you may also be eligible for Free File. You can access Free File through the IRS Web site at IRS.gov.

10. Advanced Earned Income Tax Credit. You don't have to wait until you file your tax return to receive your EITC. Advance EITC is a portion of the EITC that qualified workers may be able to receive in advance payments, added to their wages throughout the year. For more information, see Form W-5, Earned Income Credit Advance Payment Certificate.

For more information about the EITC and Advance EITC see IRS Publication 596, Earned Income Credit. This publication (available in both English and Spanish) and Form W-5 can be downloaded from IRS.gov or ordered by calling 800-TAX-FORM (800-829-3676).

Links:

- [EITC Assistant](#)
- [Earned Income Tax Credit](#)
- Publication 596, Earned Income Credit (EIC) ([PDF 373K](#))
- [Free File](#)
- [Tax Topic 601, Earned Income Credit](#)
- [AARP Tax-Aide](#)