



Earned Income Tax Credit 2016

“Put some extra money in your pocket”

What is the Earned Income Tax Credit?

The Earned Income Tax Credit (EITC) is a tax benefit for working people who earn low or moderate incomes.



When you file a tax return, you could get a refund of federal taxes withheld. You could also get an additional cash refund, known as EITC.

Who may get EITC?

Any person who worked full-time or part-time during the year and meets certain rules could get EITC. A person claiming children must meet other rules. **Important!** Are you getting EITC for 2016? Your refund will come **AFTER** February 15, 2017. The IRS will hold **all** of your tax refund until then, not just EITC.

Single or married people without children may get up to \$506 if:

- You are between the ages of 25 and 64 on 12/31/16;
- You cannot be claimed as a dependent;
- You lived in the U.S. more than one-half of the year; and
- Your income is less than \$14,880 (\$20,430 if filing a joint return).

If you have 1 qualifying child, you may get up to \$3,373 if:

- Your family income is less than \$39,296 (\$44,846 if filing a joint return); **OR**

If you have 2 qualifying children, you may get up to \$5,572 if:

- Your family income is less than \$44,648 (\$50,198 if filing a joint return).

If you have 3 or more qualifying children, you may get up to \$6,269 if:

- Your family income is less than \$47,955 (\$53,505 if filing a joint return)

How can you qualify for EITC?

Earned Income

You must have earned income. **Earned income is income from:**

- Wages
- Salaries
- Union strike benefits
- Tips
- Net self-employment
- Combat pay **if included** in taxable income
- Some long-term disability payments paid by your employer.



The following items are **NOT** earned income:

- Unemployment benefits
- Child support
- Social Security benefits
- Pensions
- Alimony
- Welfare benefits
- Food Stamps
- Job training benefits
- Interest
- Annuities besides pensions
- Nontaxable foster care payments
- Dividends besides interest
- Worker’s compensation
- Veteran’s benefit
- Combat pay if **NOT** included in taxable income

Filing Status

You must file single, married filing jointly or head of household to claim EITC. You cannot file “married filing separately.”

Investment Income

You cannot claim EITC if you have investment income (interest, dividends, and rents) of more than \$3,400.

Legal Status

You must be a U.S. citizen or resident alien. You are a resident alien if you have a "green card." **OR** if you have been in the U.S. for a certain period of time. You don't have to be a legal resident to be a resident alien for tax purposes. Nonresident aliens cannot claim EITC.

Social Security Number

Both you and your spouse must have Social Security numbers valid for employment. Any child you claim for EITC (qualifying child) must also have a Social Security number valid for employment.

What if I later get a Social Security number?

Did you get a Social Security number valid for employment after you filed your tax return? Do you qualify for the EITC? To claim the EITC your Social Security Number must be issued by the tax return's filing date.



Qualifying Child

A qualifying child must meet the relationship, age and residence tests.

1. Relationship Test

A qualifying child includes your son, daughter, adopted child, stepchild, grandchild, and great-grandchild. It includes your brother, sister, step-brother, step-sister, niece, nephew or descendants of these relatives. It includes an eligible foster child. **BUT** the child must be placed with you by an authorized placement agency or court.

2. Age Test

Your qualifying child must be under age 19 (at the end of the year) or a full-time student under age 24. To be a full-time student, your child must be enrolled in school full-time for at least 5 months of the year.

You can get EITC for children of any age who are totally and permanently disabled.



3. Residence Test

Your child or eligible foster child must live with you in the U.S. for more than half the year.

Alerts:

- Does a court order say who can list your child as a dependent on tax returns? Does it give this right to your child's other parent? You still may be able to get EITC for your child on your tax return!
- You can be homeless and still claim the EITC.
- You don't have to pay for more than one-half of your child's support to claim the EITC.

There is no support test.

What if my child is the qualifying child of someone else?

Only the parent can claim the child unless they are not eligible. Or if they don't have to file taxes.

Two people can't claim the same child.

1. What if 2 parents claim the same child? Then only the parent where the child lived the longest will be allowed the EITC.
2. What if the child lived with both parents the same amount of time? Then who can claim the EITC? Only the parent with the highest adjusted gross income.
3. What if a parent and non-parent claim the same child? Then only the parent will be allowed to claim the EITC.
4. What if 2 non-parents claim the same child? Then only the non-parent with the highest adjusted gross income can claim the EITC.

How do I qualify for the maximum EITC?

- Don't have children? Then the most EITC you can get is \$506. To get it, your income must be between \$6,600 and \$8,300 (\$6,600 - \$13,850 married).
- Have 1 child? Then the most EITC you can get is \$3,373. To get it, your income must be between \$9,900 and \$18,200 (\$9,900 - \$23,750 married).
- Have 2 children? Then the most EITC you can get is \$5,572. To get it, your income must be between \$13,900 and \$18,200 (\$13,900 - \$23,750 married).



- Have 3 or more children? Then the most EITC you can get is \$6,269. To get it, your income must be between \$13,900 and \$18,200 (\$13,900 - \$23,750 if married).

Tax Forms

Are you claiming the EITC for a qualifying child? Then you **must** use IRS Form 1040 or 1040A when you file your taxes. Are you claiming the EITC with **no** qualifying children? Then you can use IRS Form 1040EZ.

Facts about EITC

- Have you been paid in cash or by personal check? You can get EITC as long as you can document these payments.
- You can get the EITC if you are self-employed.
- Does your employer **not** withhold federal income taxes from your paycheck? You can still get EITC.
- What if you failed to file a tax return or claim EITC? It may not be too late to claim the EITC. You may be able to go back and claim the EITC for the past 3 years.

Will EITC affect my public benefits?

EITC will not affect your eligibility for certain public benefits, such as: Food Stamps, low-income housing, welfare, SSI and TennCare. EITC will not affect the amount of your public benefits. If you don't spend the EITC within a certain period of time, it could affect certain public benefits.

Have you been denied public benefits? Or are you getting less because of the EITC? Then call:

Legal Aid Society
1-800-238-1443

What if the IRS denies my EITC claim?

Do you think you qualify for EITC? Then you should appeal the IRS denial. To appeal, you must say in writing why you are



qualified to claim EITC. Attach any papers that support your claim.

What if you don't appeal the IRS decision? Then you may not be able to claim EITC for the next 2 years. What if the IRS decides you lied on purpose to get EITC? Then you may not be able to claim EITC for the next 10 years!

Has the IRS denied your EITC before? Then you must file IRS Form 8862 with your tax return. For more information on the EITC, see IRS Publication 596.

Tennessee Taxpayer Project

A Low Income Taxpayer Clinic
 P.O. Box 5209
 Oak Ridge, TN 37831

1-866-481-3669

It's a free call.

The Tennessee Taxpayer Project (TTP) is a Low Income Taxpayer Clinic funded in part by a grant from the IRS. TTP is independent from the IRS and Tennessee Department of Revenue. Legal Aid Society's staff prepared this brochure. Rev 1/17

NOTE: This information cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice. You should contact a lawyer if you need representation on a tax matter or if you have questions.



Working Together. Doing Justice. Restoring Hope.

1-800-238-1443

It's a free call.

On the internet at: **www.las.org**