



Earned Income Tax Credit (EITC)

Are you eligible to claim the Earned Income Tax Credit?

The Earned Income Tax Credit (EITC) is a federal tax benefit for people who work in the United States and have low wages. It can reduce the amount you owe on your taxes, even to nothing. You may even qualify to get more money back than the tax that was withheld, which can be thousands of dollars if you have qualifying children.

What you need to know to claim the EITC...

You must 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 or run.

Earned income includes wages, salaries, tips, union strike benefits, long-term disability benefits received prior to minimum retirement age; net earnings from self-employment, and gross income received as a statutory employee. Earned income does not include interest and dividends, retirement income, social security, unemployment benefits, alimony, and child support.

To qualify for 2016, you must meet all the following criteria:

- Have a valid Social Security Number
- Cannot use the Married Filing Separately filing status
- 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 choose to file a joint return and be treated as a resident alien
- Cannot be the qualifying child of another person
- Cannot file Form 2555 or Form 2555-EZ (Related to Foreign Income)
- Your investment income must be under \$3,400
- Your 2016 adjusted gross income must be less than:
 - \$47,955 (\$53,505 married filing jointly) with three or more qualifying children
 - \$44,648 (\$50,198 married filing jointly) with two qualifying children
 - \$39,296 (\$44,846 married filing jointly) with one qualifying child
 - \$14,880 (\$20,430 married filing jointly) with no qualifying children
 - **Investment income** must be \$3,400 or less for the year

What is a "Qualifying Child?"

To claim a Qualifying Child, each child must pass each of the following tests:

1. **Relationship test:** the child must be the taxpayer's son, daughter, stepchild, foster child, or a descendant of any of them; or the taxpayer's sibling, half sibling, step sibling, or a descendant of any of them.
2. **Age test:** the child must be under age 19 (or a student under age 24) at the end of the tax year and younger than the taxpayer (or taxpayer's spouse if filing jointly), or be permanently and totally disabled at any time during the tax year, regardless of age.
3. **Residency Test:** the child must have lived with the taxpayer in the US for more than half of the tax year (i.e. six months plus one day).
4. **Joint Return Test:** the child must not have filed a joint return for the year unless the child and his or her spouse files a joint return only to claim a refund of income tax withheld or estimated tax paid.
5. The Qualifying Child must have a valid social security number unless the child was born or died in the tax year.

How can the EITC benefit me?

If you qualify for this credit, you may be able to save THOUSANDS of dollars on your taxes, or even have money refunded to you!

The maximum amount of credit for Tax Year 2015 is:

- \$6,269 with three or more qualifying children
- \$5,572 with two qualifying children
- \$3,373 with one qualifying child
- \$506 with no qualifying children

However, it is very important that you file correctly. If you do not, IRS may penalize you.

If you have a dispute with IRS because of the EITC, [contact us](#) for free legal help!

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 [EITC Flyer](#)

 [EITC Flyer \(Spanish\)](#)

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<http://www.indianalegalservices.org/node/812/earned-income-tax-credit-eitc>

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