

The earned income tax credit (EITC) is a refundable tax credit available to certain low-income taxpayers who have children or who do not have children and meet certain age and income requirements.

Because the EITC is refundable, qualifying taxpayers may receive a refund that exceeds the amount of taxes they owe.

Who is Entitled to Claim the Earned Income Tax Credit?

You must have earned income from employment or self-employment. Your earned income and adjusted gross income must be less than:

2013

Taxpayer	MFJ	All Others	Max Credit
With one child	\$43,210	\$37,870	\$3,250
With two children	\$48,378	\$43,038	\$5,372
With three or more children	\$51,567	\$46,227	\$6,044
With no children	\$19,680	\$14,340	\$487

2014

Taxpayer	MFJ	All Others	Max Credit
With one child	\$43,941	\$38,511	\$3,305
With two children	\$49,186	\$43,756	\$5,460
With three or more children	\$52,427	\$46,997	\$6,143
With no children	\$20,020	\$14,590	\$496

You cannot be a dependent of another taxpayer and you must live in the U.S. for more than half the year.

If you were a member of the U.S. Armed Forces and served in a combat zone, certain pay is excluded from your income. You can elect to include this pay in your earned income when figuring the EITC. Nontaxable combat pay should be shown in Form(s) W-2, Box 12, with code Q.

Your investment income must be \$3,300 for 2013 (\$3,350 for 2014) or less. Investment income includes:

- Interest and dividends
- Capital gain net income
- Royalty income
- Rental income

Your filing status must be single, head of household, married filing jointly or qualifying widow(er). You cannot file a return separate from your spouse and claim the earned income tax credit.

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.

Who is a "Qualifying Child"?

A qualifying child must meet all of the following three tests:

- **Relationship.** The child must be the taxpayer's child or step-child (whether by blood or adoption), foster child, sibling or step-sibling or a descendant of one of these.
- **Residence.** The child has the same principal residence as the taxpayer for more than half the tax year. Exceptions apply, in certain cases, for children of divorced or separated parents,

kidnapped children, temporary absences and for children who were born or died during the year.

- **Age.** The child must be under the age of 19 at the end of the tax year, or under the age of 24 if a full-time student for at least five months of the year or be permanently and totally disabled at any time during the year regardless of age.

A child is your eligible foster child if the child is placed with you by an authorized placement agency. (An authorized placement agency includes a state or local government agency or court. It also includes a tax-exempt organization licensed by a state.)

The following modifications to the definition of a qualifying child were made starting in 2009:

- The qualifying child must be younger than the claimant.
- If the child is married, the child must be your dependent unless you released the dependency exemption to the noncustodial parent. A married child cannot file a joint return other than to claim a refund.
- Generally the child's tax benefits are only allowed to the child's parents.
- Another individual who is not the parent and is otherwise eligible to claim the child can if both the following are true:
 - * No parent claims the qualifying child, and
 - * The individual has a higher AGI than the highest AGI of any parent.

Do I Need a Social Security Number?

You, your spouse (if filing jointly) and any qualifying child you list on Schedule EIC must have valid SSNs issued by the Social Security Administration.

- If an SSN was obtained solely to receive federally funded benefits, such as food stamps, it is not valid for EITC purposes. The social security card will generally say NOT VALID FOR EMPLOYMENT.
- An individual taxpayer identification number (ITIN) or an adoption taxpayer identification number (ATIN) will not work.

If all the other requirements to claim EITC are met and your child was born and died in the same year, you will not be required to provide a social security number for that child. Instead, you may enter “DIED” on Schedule EIC, *Earned Income Credit*, and attach a copy of the child’s birth certificate, death certificate or hospital medical records.

Common Errors to Avoid

- Taxpayers claim a child who is not a qualifying child.
- Married taxpayers who should file as married filing separately instead file as single or head of household. If you do not live with your spouse and are not legally divorced under state law, you cannot file as single. You may qualify as head of household.
- Income-reporting errors. Make sure all taxable income is reported and all eligible deductions are claimed.
- Taxpayers or qualifying children with incorrect social security numbers. Make sure you list all qualifying children with their correct social security numbers.

This brochure contains general tax information for taxpayers. As each tax situation may be different, do not rely upon this information as your sole source of authority. Please seek professional advice for all tax situations.

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Earned Income Tax Credit Eligibility

