

EITC Awareness Day Fact Sheet

EITC Fast Facts

- The Earned Income Tax Credit (EITC) is a refundable credit for people who work but do not earn high incomes. The EITC is a valuable tool helping eligible taxpayers lower their taxes or receive refunds. The IRS wants all eligible taxpayers to take the credit they deserve.
- Created in 1975, EITC helps offset Social Security taxes and provides an incentive for work. It is the federal government's largest benefits program for working families
- More than **22.4 million** taxpayers received more than **\$43.7 billion** in EITC on their 2006 federal income tax returns.
- More than 60 percent of all tax returns claiming EITC are filed during February.
- In spite of extensive awareness campaigns by IRS and its partners, the agency estimates that 20 percent more taxpayers may be eligible, but may not be aware of and claim their EITC. This includes people with limited English proficiency, rural residents, Native Americans, people with disabilities and nontraditional families, such as a grandparent raising a grandchild
- To qualify, during 2007, taxpayers must have had investment income of \$2,900 or less and earned income and adjusted gross incomes (AGI) under:
 - \$37,783 (\$39,783 married filing jointly) with two or more qualifying children;
 - \$33,241 (\$35,241 married filing jointly) with one qualifying child;
 - \$12,590 (\$14,590 married filing jointly) with no qualifying children.
- Depending on the amount of their earned and adjusted gross incomes, qualifying taxpayers can claim as much as the following amounts on their 2007 returns:
 - \$4,716 with two or more qualifying children;
 - \$2,853 with one qualifying child;
 - \$428 with no qualifying children.
- Twenty-two states, the District of Columbia, New York City, and Montgomery County, Maryland, also offer their residents an earned income tax credit, increasing the benefit to low income workers in these areas.
- There are more than 12,000 free tax preparation sites nationwide. Approximately 4,500 sites are Volunteer Income Tax Assistance sites that provide free return preparation to low-to-moderate-income people (generally \$40,000 a year or less). Approximately 7,500 sites are Tax Counseling for the Elderly locations operated by AARP and free for low-income people who are age 60 or older.
- Taxpayers who qualify for EITC also can get help through IRS' Free File program, which offers free electronic filing for do-it-yourselfers with internet access or at one of more than 400 IRS Taxpayer Assistance Centers nationwide.
- Taxpayers can split their refunds into two or three accounts by filing a Form 8888 and send part of their refund to checking and part to future savings.
- Qualifying employees can receive part of their 2008 EITC, up to \$1,750, through advance payments in their paychecks. Employees should ask their employer about Advance EITC.