

## **Earned Income Tax Credit Frequently Asked Questions**

### **What is the Earned Income Tax Credit (EITC)?**

The EITC is a tax credit for eligible taxpayers who work, but don't earn high incomes. Taxpayers who qualify and claim the credit, could pay less federal tax, pay no tax or even get a tax refund beyond the amount of tax withheld. To qualify, a taxpayer must meet certain rules and file a tax return, even if the claimant does not owe any tax or did not earn enough money to require filing a return.

### **Why Does This Program Exist?**

Congress enacted the EITC in 1975 to offset the burden of Social Security taxes on low-income taxpayers, supplement wages and make employment more attractive than welfare. Since then, the EITC has been changed many times, increasing the scope and impact of the credit.

### **How Will it Affect Other Benefits Taxpayers Receive?**

In most cases, EITC payments will not be used to determine eligibility for Medicaid, supplemental security income (SSI), food stamps and low-income housing. Temporary Assistance for Needy Families (TANF) payments may be affected, depending on the state in which the taxpayer resides.

### **Who is Eligible to Claim the EITC?**

Depending on income level, people who worked full or part-time for at least a portion of 2005 may be eligible for the EITC. The following guidelines help determine whether a taxpayer could be eligible for the EITC:

- Workers without a qualifying child who were at least age 25 but younger than 65 at the end of 2005 and had earned income below \$11,750 (\$13,750 if married filing jointly).
- Workers with one qualifying child who had earned income of less than \$31,030 (\$33,030 if married filing jointly).
- Workers with more than one qualifying child who had earned income of less than \$35,263 (\$37,263 if married filing jointly).

### **Do Taxpayers Have to Have Children to Qualify for the EITC?**

No. Taxpayers can qualify for EITC with or without children. However, taxpayers with qualifying children are eligible for a much larger EITC than childless workers.

### **How Does a Taxpayer Claim the EITC?**

Taxpayers claim the EITC by filing a federal income tax return with a Schedule EIC. Taxpayers can either work with a tax professional or prepare their own tax returns to claim the EITC. Stakeholder Partnerships, Education and Communication (SPEC), an organization within the IRS, provides free tax return preparation assistance through the Volunteer Return Preparation Programs (VRPPs) nationwide. Trained and certified volunteers provide preparation assistance and electronic filing at domestic and international locations. Two taxpayer help programs, VITA and TCE, are often located in community and neighborhood centers, libraries, schools, shopping malls and other convenient locations around the country. To find the closest VITA or TCE site, taxpayers

can visit [www.irs.gov](http://www.irs.gov), keyword: VITA, or call 1-800-829-1040. There are also military VITA (M-VITA) sites that provide free assistance to armed forces personnel and their families in the United States and foreign countries. The Armed Forces Tax Council (AFTC) is a major partner with IRS in providing servicemen and women with information and services required to satisfy their tax responsibilities.

### **Can Taxpayers Receive EITC Payments in Advance?**

Certain taxpayers who expect to qualify for the EITC can get part of the credit in advance in each paycheck. In order to do this, they must receive wages, expect to be eligible for the credit, have at least one qualifying child, complete Form W-5, *Earned Income Credit Advance Payment Certificate*, and give it to their employers.

### **Where Can Taxpayers Call to Receive General Tax Assistance?**

- For questions related to individual taxes, call 1-800-829-1040.
- To order current or prior year tax forms and publications, call 1-800-829-3676.
- To listen to pre-recorded messages covering various tax topics, call TeleTax at 1-800-829-4477.
- If access to TTY/TTD equipment for the hearing impaired is needed, call 1-800-829-4059 to ask questions or to order forms and publications.
- To receive a free copy of Publication 596, *Earned Income Credit*, a booklet containing the eligibility requirements, examples and worksheets to calculate the EITC, taxpayers can call 1-800-TAX-FORMS (1-800-829-3676) or visit [www.irs.gov/eitc](http://www.irs.gov/eitc), a portion of the IRS web site dedicated to EITC issues. Some of the most requested tax forms, instructions and publications are available at many post offices and libraries.

EITC information and forms are available at [www.irs.gov/eitc](http://www.irs.gov/eitc).