**DO I QUALIFY FOR EITC (Earned Income Tax Credit)**

Some of the links are specified within this document itself for convenience

**You qualify for EITC if:**

* you have [earned income](#WEI) (see pg. 4) and adjusted gross income within certain limits; AND
* you meet certain basic rules; AND
* you either:
	+ [meet the rules for those without a qualifying child](#Claiming_EITC_WQC); (see pg. 2 - Claiming EITC Without a Qualifying Child) OR
	+ have a child that meets **all** the qualifying child rules for you, or your spouse if you file a joint return.

Use the [EITC Assistant](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/use-the-eitc-assistant) to find out your filing status, if your child is a qualifying child, if you are eligible, and estimate the amount of the credit you may get.

EITC has [special rules for members of the military, members of the clergy](#SP_EITC), (see pg. 5) and [taxpayers with certain types of disability income or children with disabilities](#Dis_EITC). (see pg. 6)

**Basic Rules**

**Social Security Number**

You, your spouse and any qualifying child you list on your tax return must each have a [Social Security number](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/social-security-number-and-claiming-eitc) that is valid for employment that was issued before the due date of your return (including extensions).

**Filing Status**

You must file:

* Married filing jointly
* Head of household
* Qualifying widow or widower
* Single

You can't claim EITC if your filing status is *married filing separately*.

If you, or your spouse, are a **nonresident alien**, see [Publication 519, *U.S. Tax Guide for Aliens*](https://www.irs.gov/publications/p519/index.html), to find out if you are eligible for EITC.

**Income Earned During 2016**

* Your tax year investment income must be $3,400 or less for the year.
* Must not file Form 2555, *Foreign Earned Income* or Form 2555-EZ, *Foreign Earned Income Exclusion*.
* Your total earned income must be at least $1.
* Both your earned income and adjusted gross income (AGI) must be no more than:

|  |  |
| --- | --- |
| **Filing Status** | **Qualifying Children Claimed** |
| **Zero** | **One** | **Two** | **Three or more** |
| **Single, Head of Household or Surviving Spouse** | $14,880 | $39,296 | $44,648 | $47,955 |
| **Married Filing Jointly** | $20,430 | $44,846 | $50,198 | $53,505 |

For previous years, see [EITC Income Limits, Maximum Credit and Tax Law Updates](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/eitc-income-limits-maximum-credit-amounts).

**Additional Rules**

**I Have a Qualifying Child**

If you, and your spouse if filing a joint return, meet the criteria above and you have a child who lives with you, you may be eligible for EITC. Each child you claim must pass the relationship, age, residency and joint return tests to be your qualifying child. See the [Qualifying Child Rules](#QCR) (see pg. 3) for guidance.

**I Don't Have a Qualifying Child**

If you and your spouse, if filing a joint return, meet the basic EITC rules for everyone, [you qualify for EITC](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/claiming-eitc-without-a-qualifying-child) if:

* You resided in the United States for more than half of the year; AND
* You cannot be claimed as a dependent or qualifying child on anyone else's return; AND
* You must have been at least 25 but under 65 years old at the end of the tax year.

**Exceptions**

[**Special EITC Rules**](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/special-eitc-rules)

Special EITC rules for members of the military, ministers, members of the clergy, those receiving disability benefits and those impacted by disasters.

[**Disability and EITC**](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/disability-and-earned-income-tax-credit)

Many persons with disabilities or persons having children with disabilities qualify for  EITC.

# Claiming EITC Without a Qualifying Child

You can claim the Earned Income Tax Credit (EITC) if you don’t claim a qualifying child for the EITC. But, you, or your spouse if you file a joint return, must have worked for someone, or run or own a business or farm AND earned less than $20,430 during 2016.

EITC has [special rules for members of the military, members of the clergy](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/special-eitc-rules), and [taxpayers with certain types of disability income or children with disabilities](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/disability-and-earned-income-tax-credit).

## Who is Eligible

If you do not claim a child that qualifies you for EITC, you are eligible for EITC for those without a qualifying child if:

* You (**and** your spouse if you file a joint return) meet all the [EITC basic rules](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/do-i-qualify-for-earned-income-tax-credit-eitc) AND
* You (**and**your spouse if you file a joint return) cannot be claimed as a dependent or qualifying child on anyone else's return, AND
* You (**or** your spouse if you file a joint return) are between 25 and 65 years old at the end of the tax year, usually Dec. 31.

If your filing status is *married filing separately*, you are **ineligible**to claim EITC.

If you or your spouse is a **nonresident alien**, see [Publication 519, *U.S. Tax Guide for Aliens*](https://www.irs.gov/publications/p519/index.html), for additional guidance.

# Qualifying Child Rules

Your child must have a [Social Security number](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/social-security-number-and-claiming-eitc) that is valid for employment that is issued before the due date of the tax return (including extensions) and must pass all of the following tests to be your qualifying child for EITC:

## Relationship

* Your son, daughter, adopted child1, stepchild, foster child2 or a descendent of any of them such as your grandchild
* Brother, sister, half brother, half sister, step brother, step sister or a descendant of any of them such as a niece or nephew

## Age

* At the end of the filing year, your child was younger than you (or your spouse if you file a joint return) and younger than 19
* At the end of the filing year, your child was younger than you (or your spouse if you file a joint return) younger than 24 and a full-time student
* At the end of the filing year, your child was any age and permanently and totally disabled3

## Residency

* Child must live with you (or your spouse if you file a joint return) in the United States4 for more than half of the year

## Joint Return

* The child cannot file a joint return for the tax year unless the child and the child's spouse did not have a separate filing requirement and filed the joint return only to claim a refund.

**IMPORTANT:**  Only one person can claim the same child. If a child qualifies for more than one person and one of the persons is a parent or parents, the non-parent can claim the child only if their [AGI](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/helpful-definitions-and-acronyms) is higher than the parent(s). If the child qualifies another relative and the parent AGI rules do not apply, the taxpayers choose. If more than one person claims the same child, IRS applies the tiebreaker rules. Read more about [Qualifying Child of More Than One Person](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/qualifying-child-of-more-than-one-person) here.

# What is Earned Income?

Earned income includes all the taxable income and wages you get from working or from [certain disability payments](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/disability-and-earned-income-tax-credit).

### There are two ways to get earned income:

You work for someone who pays you

 or

You own or run a business or farm

## Taxable earned income includes:

* Wages, salaries, tips, and other taxable employee pay;
* Union strike benefits;
* Long-term disability benefits received prior to minimum retirement age;
* Net earnings from self-employment if:
	+ You own or operate a business or a farm or
	+ You are a minister or member of a religious order ([see Special Rules page for more information](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/special-eitc-rules));
	+ You are a statutory employee and have income. (See definition of statutory employee on our [Helpful Definitions and Acronyms for EITC](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/helpful-definitions-and-acronyms) page).

**Nontaxable Combat Pay** election. You can elect to have your nontaxable combat pay included in earned income for EITC. The amount of your nontaxable combat pay should be shown on your Form W-2, in box 12, with code Q. Electing to include nontaxable combat pay in earned income may increase or decrease your EITC. See [Publication 3. Armed Forces Tax Guide](https://www.irs.gov/publications/p3/index.html), for more information.

## Examples of Income that are *Not*Earned Income:

* Pay received for work while an inmate in a penal institution
* Interest and dividends
* Retirement income
* Social security
* Unemployment benefits
* Alimony
* Child support.

# Special EITC Rules

Read more about the rules for calculating earned income if you are:

* Receiving disability benefits or have a qualifying child with a disability.
* A member of the military
* A minister or member of the clergy.

## Disability and EITC

Some disability retirement benefits qualify as earned income to claim EITC. Also, you may claim a relative of any age who is totally and permanently disabled and fits all other eligibility requirements.

[Read more about Disability and EITC](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/disability-and-earned-income-tax-credit)

[Read more about Disability Benefits in Publication 596, Earned Income Credit](https://www.irs.gov/pub/irs-pdf/p596.pdf)

## Military

### Combat Pay

You do not have to report your nontaxable pay you receive as a member of the Armed Forces as earned income for EITC. Examples of nontaxable military pay are combat pay, the Basic Allowance for Housing (BAH), and the Basic Allowance for Subsistence (BAS). The amount of your nontaxable combat pay is on your Form W-2, in box 12, with code Q.

But, you and your spouse **can each choose** to have your nontaxable combat pay included in your earned income for EITC. Including it as earned income may **decrease the amount of tax you owe and may mean a larger refund**. Calculate your taxes with the combat pay as earned income and without to find out what's best for you.

If you make the election, you must include in earned income all nontaxable combat pay you received. You can't choose to include only a part of the nontaxable combat pay in earned income. That is,

* You can choose to include all your nontaxable combat pay and your spouse can choose zero
* You can choose to include zero amount of your nontaxable combat pay and your spouse can choose to include all of it
* You can both choose to include all your nontaxable combat pay
* You can both choose not to include your nontaxable combat pay

[Find more examples in Publication 596 under Nontaxable Combat Pay](https://www.irs.gov/pub/irs-pdf/p596.pdf)

[Find the areas considered Combat Zones here](https://www.irs.gov/individuals/military/combat-zones)

[Find Questions and Answers on more Combat Zones provisions here](https://www.irs.gov/individuals/military/questions-answers-on-combat-zone-tax-provisions)

### Military Personnel Stationed Outside the United States

Members of the military on extended active duty outside the Unites States are considered to live in the United States for tax purposes.

[See Publication 596; for the definition of extended active duty](https://www.irs.gov/pub/irs-pdf/p596.pdf)

## Members of the Clergy

If you are a minister or member of a religious order, you may have net earnings from self-employment.

**Minister’s housing**. The rental value of a home or a housing allowance provided to a minister as part of the minister’s pay generally is not subject to income tax but is included in net earnings from self-employment. For that reason, it is included in earned income for EITC, unless you have an approved Form 4361 or Form 4029.

Each approved form exempts certain income from social security taxes:

[Form 4361, Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners](https://www.irs.gov/pub/irs-pdf/f4361.pdf). Even if you have an approved Form 4361, amounts you received for performing ministerial duties as an employee count as earned income. This includes wages, salaries, tips, and other taxable employee compensation. Amounts you received for performing ministerial duties, but not as an employee, do not count as earned income. Examples include fees for performing marriages and honoraria for delivering speeches.

[Form 4029, Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits](https://www.irs.gov/pub/irs-pdf/f4029.pdf). Even if you have an approved Form 4029, all wages, salaries, tips, and other taxable employee compensation count as earned income. However, amounts you received as a self-employed individual do not count as earned income. Also, in figuring earned income, do not subtract losses on Schedule C, C-EZ, or F from wages on line 7 of Form 1040.

# Disability and Earned Income Tax Credit

Some disability retirement benefits qualify as earned income to claim the Earned Income Tax Credit or EITC. Also, you may claim a relative of any age as a qualifying child if the relative is totally and permanently disabled and fits all other EITC requirements.

## What Disability Benefits Qualify as Earned Income for EITC?

IRS considers disability retirement benefits as earned income until you reach minimum retirement age. Minimum retirement age is the earliest age you could have received a pension or annuity if you did not have the disability.

After you reach minimum retirement age, IRS considers the payments your pension and **not** earned income.

Benefits such as Social Security Disability Insurance, SSI, or military disability pensions are **not** considered earned income and cannot be used to claim the EITC. You may qualify for the credit only if you,or your spouse, if filing a joint return, have other earned income.

[Read more about additional requirements for qualifying for EITC here](https://www.irs.gov/individuals/earned-income-tax-credit-rules-for-everyone). Or, use the [EITC Assistant](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/use-the-eitc-assistant) to help you determine if you meet the additional requirements for qualifying for EITC. [Spanish EITC Assistant](https://www.irs.gov/spanish/utilice-el-asistente-eitc).

[Read more about Disability Benefits in Publication 596, Earned Income Credi](https://www.irs.gov/pub/irs-pdf/p596.pdf)[t](https://www.irs.gov/pub/irs-pdf/p596.pdf) or [Publication 596 (SP), Credito por Ingreso del Trabajo](https://www.irs.gov/pub/irs-pdf/p596sp.pdf)

**Disability Insurance Payments**. Payments you received from a disability insurance policy that you paid the premiums for are not earned income. It does not matter whether you have reached minimum retirement age. If this policy is through your employer, your Form W-2 may show the amount in box 12 with code “J.”[Read more about Life Insurance & Disability Insurance Proceeds here](https://www.irs.gov/help-resources/tools-faqs/faqs-for-individuals/frequently-asked-tax-questions-answers/interest-dividends-other-types-of-income/life-insurance-disability-insurance-proceeds/life-insurance-disability-insurance-proceeds-1).

## A Qualifying Child with a Disability

To be your qualifying child for EITC, a child must have a Social Security Number that is valid for employment and is issued before the due date of the return. The child must also pass the age, relationship, residency, and joint return tests. Your child must be your son, daughter, adopted child, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister or a descendent of any of them.

**Age Test for Qualifying Child with a Disability**. There is no age limit and the child does not have to be younger than you if the qualifying child is permanently and totally disabled. Your qualifying child is permanently and totally disabled if both of the following apply:

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition and
2. A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

If the qualifying child receives disability benefits, you can still use the child for EITC purposes. [Read more about the additional tests for a qualifying child here](https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/qualifying-child-rules).

**Proof of Permanently and Totally Disabled**. To prove your claim of EITC for a child who is permanently and totally disabled, you need a letter from the child’s doctor, other healthcare provider or any social service program or agency verifying the child is permanently and totally disabled.

**Sheltered Employment**. A child working for minimal pay under a special program for people with disabilities is not engaged in a “substantial gainful activity” under the definition of permanently and totally disabled. Work for minimal pay offered to people with physical or mental disabilities or sheltered employment must be offered by qualified locations. Qualified locations are:

* Sheltered workshops,
* Hospitals and similar institutions,
* Homebound programs, and
* Department of Veterans Affairs (VA) sponsored homes.

## What do I have to do to get EITC?

You must file a tax return to determine your eligibility to claim the EITC. Many miss out because they owe no tax so do not file a tax return.

**Free Tax Assistance**. Special assistance is available for persons with disabilities. If you are unable to complete your tax return because of a disability, you may be able to obtain assistance from an IRS office or the [Volunteer Income Tax Assistance or Tax Counseling for the Elderly Programs sponsored by IRS](https://www.irs.gov/individuals/free-tax-return-preparation-for-you-by-volunteers).

**Free File Your Return**. Free File is the fast, easy and free way to prepare and e-file your federal taxes online. The Free File program provides free federal income tax preparation and electronic filing for eligible taxpayers through a partnership between the Internal Revenue Service and the Free File Alliance LLC, a group of private sector tax software companies. Or you can use the free fillable tax forms feature. [Find out more about Free File here](https://www.irs.gov/uac/free-file-do-your-federal-taxes-for-free).

[Find Tips for Choosing a Tax Return Preparer here](https://www.irs.gov/uac/tips-for-choosing-a-tax-return-preparer).

## EITC Impact on Other Government Benefits

Refunds received from the Earned Income Tax Credit (EITC or EIC), the Child Tax Credit (CTC) or other refundable credits are not considered income and is not counted as a resource for at least 12 months from when your receive it for benefits or assistance under any Federal program or under any State or local program financed in whole or in part with Federal funds.

But, it is always best to check with your local benefit coordinator to find out if your benefits fall under this provision.