



Notes from the Navigator

A Monthly Newsletter about Serving Customers with Disabilities in the One-Stop System



EARNED INCOME TAX CREDIT

The Disability Program Navigator Initiative is a collaborative effort of HempsteadWorks, VESID & Abilities, Inc.

For More Information Contact: Pamela Sullivan (516) 485-5000 ext. 1139

What is it and who should apply for it?

The Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low-income working individuals and families. Congress originally approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide an incentive to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to be obligated to file a tax return.

What is Earned Income? Earned income includes all the taxable income and wages you get from working. There are two ways to get earned income: you work for someone who pays you, or; you work in a business you own.

What does taxable earned income include?

- Wages, salaries, and tips;
- Union strike benefits;
- Long-term disability benefits received prior to minimum retirement age;
- Net earnings from self-employment.

What Are The Requirements?

- Must have earned income;
- Must have a valid Social Security Number;
- Generally, must be a U.S. citizen or resident Alien the entire year;
- Cannot use "married filing separately" filing status;
- Cannot be a qualifying child of another person;
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income).

- Your earned income and adjusted gross income (AGI) must be less than:
 - \$12,120 (\$14,120 if married filing jointly) with no qualifying child.
 - \$32,001 (\$34,001 if married filing jointly) with one qualifying child.
 - \$36,348 (\$38,348 if married filing jointly) with more than one qualifying child.
- Your investment income (such as interest) must be \$2,800 or less.

Who Is A Qualifying Child?

A child who meets the relationship, age and residency tests. Your credit amount may be larger if you have a child who:

Is your son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them.

At the end of the year was:

- under age 19, or
- under age 24 and a full-time student, or
- any age if permanently and totally disabled at any time during the year, or
- Lived with you in the United States for more than half the year.

The EITC has no effect on certain welfare benefits. In most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Security Income (SSI), food stamps, low-income housing or most Temporary Assistance for Needy Families (TANF) payments.

For free information about the Earned Income Tax Credit go to www.irs.gov/eitc or call 1-800-TAX-1040 for tax assistance and VITA (Volunteer Income Tax Assistance) site locations.