

What is the Earned Income Credit?

The Earned Income Credit (EIC) is a tax credit for some lower-income working people. If you are eligible, you will owe less in federal income taxes and may even get cash back. Tax laws change often, so check with the Internal Revenue Service (IRS) to see if you qualify. The dollar amounts in this brochure are based on the law in 2004 and will change.

Am I eligible for the EIC?

To be eligible:

- You must have worked and earned income during the year.
- Your investment income (such as interest) must not be more than \$2,650.
- Your filing status CANNOT be “Married filing Separately.”
- You must have a social security number.
- Neither you nor your spouse can be a qualifying child of another person.

Other eligibility requirements depend on whether you have a “qualifying child.”

What is a “qualifying child?”

A qualifying child is:

1. Your son, daughter, adopted child, grandchild, step-child or eligible foster child, AND
2. Who is under the age of 19 at the end of the year (or under 24 if child is a full-time student), or any age if the child is permanently and totally disabled, AND
3. Who lived with you in the U.S. for more than half the year.

What if I have a qualifying child?

If you lived with one qualifying child in 2004 and your family earned less than \$30,338, (\$31,338 if you are married) you can get up to \$2,604 in EIC.

If you lived with two or more qualifying children in 2004 and your family earned less than \$34,458, (\$35,458 if you are married) you can get up to \$4,300 in EIC.

What if I don't have a qualifying child?

If you did not have a qualifying child living with you in 2004 and you earned less than \$11,490, (\$12,490 if you are married) and you were between the ages

of 25 and 64, you can get up to \$390 in EIC.

What if I am not a U.S. citizen?

Many immigrants are eligible for the EIC, including green card holders, refugees, and others legally authorized to work. To claim the EIC, any child claimed and the worker must have a valid Social Security number or Individual Taxpayer Identification Number (ITIN). Claiming the credit will not hurt your immigration status.

Will I lose my other public benefits if I get the EIC?

If you work and receive public assistance, you are still eligible for the EIC. The EIC does not count as income in determining eligibility for Food Stamps, SSI, Medicaid, TANF, or public housing.

How do I apply?

If you have a qualifying child, you must file using Form 1040 or 1040A, and attach Schedule EIC. If you have no children, file using 1040, 1040A, or 1040EZ and no Schedule EIC is required.

What is the EIC Advance Payment plan?

Some workers who are raising children can get part of their EIC credit in their paychecks through the year (instead of all at once after they file their taxes). A worker who has a child can get up to \$60 extra per paycheck. You have to give tax form W-5 to your employer. If you become ineligible, you should stop taking the EIC advance payments by giving your employer another W-5 marked "No." If you get EIC payments through the year and then it turns out you were not eligible for the EIC, you will have to pay the EIC money back.

What if I did not claim the EIC credit last year but I now think I might be eligible?

Workers can file for the EIC for the last three years. You can fill out a 1040X and attach it to the copy of the tax form you filed for that year. You will also have to fill out the Schedule EIC for that tax year. You can call 1-800-829-3676 for tax forms for prior years.

What is the Child Tax Credit?

The Child Tax Credit is a different credit. If you can claim a child under the age of 17 as a dependent in 2004, and use File Form 1040 or 1040A, you may be able to claim up to \$1,000 for each child you claim. Even if you don't owe income tax you may be able to get a Child Tax Credit refund. Follow the tax form instructions to see if you qualify for the credit. Fill out form 8812 to claim

the credit. The child must live in the United States.

Can I get free help filing my taxes?

VITA, a free program of the IRS, provides help to low-income people in filling out their taxes and filing. VITA sites are open from late January through April 15. To find the VITA site near you, call 1-800-829-1040. Be patient, the 24-hour line is often busy.

Last Revised 03/2005 Special Code: 1291030

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Prepared by:

Indiana Legal Services, Inc.

The production of this pamphlet is made possible by a grant from the Indiana Bar Foundation.

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Laws and Policies change. Please look at the last revised date to make sure the information is still current.

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