



Earned Income Tax Credit Fact Sheet

Introduction

The Earned Income Tax Credit (EITC) is a federal income tax credit for low- to moderate-income individuals and working families. As a credit, it reduces the amount of taxes owed. It also can result in a direct payment from the government if an individual qualifies for a credit that is larger than the amount of taxes they owe. In most cases, EITC payments will affect eligibility for Medicaid, Supplemental Security Income (SSI), the Supplemental Nutrition Assistance Program (SNAP), low-income housing, or most Temporary Assistance for Needy Families (TANF) payments.

Credit Amounts

Credit amounts vary based on several factors, but the maximum credits for the 2017 tax year are:

- \$6,318 with three or more qualifying children
- \$5,616 with two qualifying children
- \$3,400 with one qualifying child
- \$510 with no qualifying children

Qualifying

You must meet certain criteria to qualify for the EITC. For one, there are income requirements (see "Income Requirements" section). To claim the credit, you must:

- have earned some income for the tax year
- have a valid Social Security Number
- use a tax-filing status other than "married filing separately"
- be a U.S. citizen or resident alien for the entire tax year or be married to a citizen or resident alien and file your tax return jointly
- not be a qualifying child of another person

Qualifying Child

A child is considered a qualifying child if they meet each of the following criteria.

Tax-Filing Status

- the child cannot file a joint return for the year, unless the child and the child's spouse did not have a filing requirement and filed only to claim a refund

Residency

- the child must live with you in the United States for more than half of the year

Relationship

- the child is your son, daughter, adopted child, stepchild, foster child, or descendent of any of them, such as your grandchild
- the child is your brother, sister, stepbrother, stepsister, or a descendent of any of them, such as a niece or nephew

Age

- the child is younger than you (or your spouse if married filing jointly) and is either younger than 19 or is a full-time student who is younger than 24
- the child can be any age if they are permanently and totally disabled

Income Requirements

For the 2017 tax year, earned income and adjusted gross income (AGI) must each be less than:

- \$48,340 (\$53,390 if "married filing jointly") with three or more qualifying children
- \$45,007 (\$50,597 if "married filing jointly") with two qualifying children
- \$39,617 (\$45,207 if "married filing jointly") with one qualifying child
- \$15,010 (\$20,600 if "married filing jointly") with no qualifying children
- investment income must also be \$3,450 or less for the year

Earned Income

Earned income includes all the taxable income and wages you get from working. There are two ways to get earned income: working either for someone who pays your wages or in a business that you own. Taxable earned income includes wages, salaries, tips, union strike benefits, long-term disability payments received before you reach retirement age, and net earnings from self-employment. Earned income does not include Social Security benefits, alimony, child support, pensions, unemployment benefits, or interest or dividends from investments.



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Figuring Your Credit

Once you know that you qualify for the EITC, you can figure your credit the following ways:

- go to a Volunteer Income Tax Assistance site, where the volunteers will prepare your return for free
- have the Internal Revenue Service (IRS) compute the credit for you when you file your tax return
- use the Earned Income Credit Worksheet in the tax form instruction booklet
- use the online EITC Assistant Tool at irs.gov
- Use commercial or free software to compute the credit at irs.gov

For more information, visit the Legal Aid of Arkansas, Inc., Low-Income Taxpayer Clinic at laalitic.org.

This fact sheet is a collaboration of the Center for Arkansas Legal Services and Legal Aid of Arkansas, Inc. These nonprofit organizations provide free legal assistance to eligible Arkansans who meet income, asset, and other guidelines. Legal assistance may also include advice and counsel, brief services, or full representation depending on the situation. For more information about civil legal aid in Arkansas, please visit arlegalservices.org. For information specific to Legal Aid of Arkansas, Inc., visit arlegalaid.org. Apply for services online or by calling 1-800-9-LAW-AID (1-800-952-9243).

The information and statements of law in this fact sheet should not be considered legal advice. This fact sheet is provided as a broad guide to help you understand how certain legal matters are handled in general. Courts may interpret the law differently. Before you take action, talk to an attorney and follow his or her advice. Always do what the court tells you to do.

***Content provided by:
The Legal Aid of Arkansas, Inc., Low-Income
Taxpayer Clinic***

Updated April 2018