THE EARNED INCOME TAX CREDIT (EITC): A 2015 PRIMER

What Is the EITC and Who Qualifies for FY 2015 (Jan. 1, 2015 to Dec. 31, 2015)?
The Earned Income Tax Credit (EITC) is a refundable tax credit American citizens or permanent residents can receive if they have earned any income in a fiscal year. The Internal Revenue Service (IRS) limits the amount of investment money a person can have (for FY 2014, $3,350 or less), and the filer must be either a head of household or married filing jointly, and not having been claimed as a dependent on another return. If the filer does not have dependent children, he or she must be between the ages of 25 and 65.

Minimum Requirements to Claim the EITC:
- You must be a citizen of the United States, and must live in the U.S. for more than half of the year.
- You must have earned income for the tax year and a valid Social Security number (SSN).
- You can't be a qualifying child on another return.
- You can't use the married filing separate (MFS) filing status.

Income Thresholds to Receive the EITC for FY 2015:
- $47,747 ($53,267 married filing jointly) with three or more qualifying children
- $44,454 ($49,974 married filing jointly) with two qualifying children
- $39,131 ($44,651 married filing jointly) with one qualifying child
- $14,820 ($20,330 married filing jointly) with no qualifying children
- Investment income must be $3,350 or less for the year.
- The American Tax Relief Act of 2012 extends the relief for married taxpayers, the expanded credit for taxpayers with three or more qualifying children and other provisions to December 31, 2017.
- Legal Same-Sex Marriages Will Be Recognized For Federal Tax Purposes

Tax Year 2015 maximum credit:
- $6,242 with three or more qualifying children
- $5,548 with two qualifying children
- $3,359 with one qualifying child
- $503 with no qualifying children

To Claim the EITC:
- Filer with a qualifying child must use Form EIC and attach it to Form 1040A or 1040.
- Filer with no qualifying children and between the ages of 25 and 65 must use Form 1040A or 1040 and the EIC Worksheet.

Warning:
- If filer claims the EIC when not eligible, filer will be barred from claiming the EITC for up to 10 years. If error was due to “reckless or intentional disregard of the EIC rules,” filer will be penalized for 2 years even if otherwise eligible to claim the EITC. If action is found to be fraudulent, exclusion from EITC will be 10 years and other penalties may apply.
- If EIC claim was disallowed or reduced for reasons other than math or clerical errors after 1996, filer may need to file Form 8862 before the Internal Revenue Service allows filer to use the credit again.