

# The Earned Income Tax Credit (EITC): A 2023 Primer

Compiled by Dr. Elena Delavega, Professor, School of Social Work

## What Is the EITC and Who Qualifies for FY 2023 (Jan. 1, 2023 to Dec. 31, 2023)

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 (any kind of work for which they have received payment. Must be work income). The Internal Revenue Service (IRS) limits the amount of investment money a person can have (for FY 2023, **\$11,000** 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.
- You must have some sort of earned income. A W2 is good, but there are other ways to earn income such as the gig economy.

## Income Thresholds to Receive the EITC for FY 2023:

- \$56,838 (\$63,398 married filing jointly) with three or more qualifying children
  - \$52,918 (\$59,478 married filing jointly) with two qualifying children
  - \$46,560 (\$53,120 married filing jointly) with one qualifying child
  - \$17,640 (\$24,210 married filing jointly) with no qualifying children
- **Investment income** must be **\$11,000** or less for the year.
  - Legal Same-Sex Marriages Will Be Recognized for Federal Tax Purposes

## Tax Year 2023 Maximum Credit:

- **\$7,430** with three or more qualifying children
- **\$6,604** with two qualifying children
- **\$3,995** with one qualifying child
- **\$600** 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 1040EZ** or the 1040A or 1040.

## Warning:

- If filer claims the EITC 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 EITC 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.

Information retrieved from: <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income-and-earned-income-tax-credit-eitc-tables>