

2. If the child lived with both parents the same amount of time, then the parent with the highest adjusted gross income will be allowed to claim the EITC.
3. If a parent and nonparent claim the same child, only the parent will be allowed to claim the EITC.
4. If 2 nonparents claim the same child, only the nonparent with the highest adjusted gross income can claim the EITC.

Facts about EITC

- You can get EITC even if you have been paid in cash or by personal check, as long as you can document these payments.
- You can get the EITC if you are self-employed.
- Your employer does not have to withhold federal income taxes from your paycheck for you to get EITC.
- If you failed to file a tax return or claim EITC, it may not be too late to claim the EITC. You may be able to go back and claim the EITC for the past 3 years.

Do I have to wait to file taxes before I can get EITC?

Yes. The maximum Advance EITC workers could receive from their employers was \$1,830. If a worker received advance EITC during the year, the worker must file a tax return to report the payments. The advance EITC was repealed by law in 2010, and is no longer available to workers after December 31, 2010.

Will EITC affect my public benefits?

EITC will not affect your *eligibility* or *amount* for certain public benefits, such as Food Stamps, low-income housing, Medicaid and supplemental social security income (SSI). If you don't spend the EITC within a certain time period, it could affect certain public benefits.

If you are denied public benefits or your amount decreases because of the EITC, you should call:

**Low Income Taxpayer Clinic
of Legal Services Alabama**

1-866-456-4995

It's a free call.



What if the IRS denies my EITC claim?

If you think that you qualify for EITC and the IRS denies your claim, you should appeal the IRS decision. To appeal, you must prepare a written statement explaining why you are qualified to claim EITC. You should attach papers that support your claim.



If you don't appeal the IRS decision, you may not be able to claim EITC for the next 2 years. If the IRS determines that you fraudulently claimed EITC, you may not be able to claim EITC for the next 10 years!

You must file IRS Form 8862 with your tax return if the IRS previously denied your EITC. For more information on the EITC, see IRS Publication 596.

NOTE: This information cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice. You should contact a lawyer if you need representation on a tax matter or if you have questions.

1-866-456-4995

It's a free call.

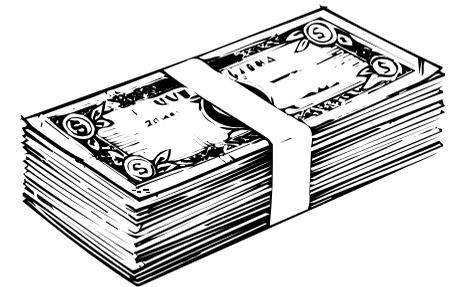
Or apply on line at: www.legalservicesalabama.org

The LSA LITC receives funding from the IRS, the clinic and its employees and volunteers are not affiliated with the IRS. A taxpayer's decision to use the LITC will not affect the taxpayer's rights before the IRS.

Rev 01/2012

Earned Income Tax Credit 2011

**“Put some extra money
in your pocket”**



**Low Income Taxpayer
Clinic of Legal Services
Alabama**

1-866-456-4995

It's a free call.

What is the Earned Income Tax Credit?

The Earned Income Tax Credit (EITC) is a tax credit for working people who earn low-to-moderate incomes.

When you file a tax return, you could get a refund of federal taxes withheld. You could also get an additional cash refund, known as EITC.

Who may get EITC?

Any person who worked full-time or part-time during the year and meets certain rules could get EITC. A person claiming children must meet other rules.

Single or married people without children may get up to \$464 if:

- You are between the ages of 25 and 64;
- Cannot be claimed as a dependent;
- Lived in the U.S. more than half the year; and,
- Your income is less than \$13,660 (\$18,740 if filing a joint return).

If you have 1 qualifying child, you may get up to \$3,094 if:

- Your family income is less than \$36,052 (\$41,132 if filing a joint return);

If you have 2 or more qualifying children, you may get up to \$5,112 if:

- Your family income is less than \$40,964 (\$46,044 if filing a joint return).

If you have 3 or more qualifying children, you may get up to \$5,751 if:

- Your family income is less than \$43,998 (\$49,078 if filing a joint return).

How can you qualify for EITC?

Earned Income

You must have earned income from employment or from self-employment. Earned income also includes some long-term disability payments paid by your employer.

The following items are not earned income: unemployment benefits; child support; Social Security benefits; pensions; alimony; and interest and dividends.

Filing Status

You must file single, married filing jointly or head of household to claim EITC. You cannot file “married filing separately.”

Investment Income

You cannot claim EITC if you have investment income (interest, dividends, and rents) of more than \$3,150.

Legal Status

You must be a U.S. citizen or resident alien all year. Nonresident aliens cannot claim EITC or a nonresident alien married to a U.S. citizen or resident alien filing a joint a return.

Social Security Number

Both you (and your spouse, if filing jointly) must have Social Security numbers valid for employment.

Any child you claim for EITC (qualifying child) must also have a Social Security number valid for employment.

What if I later get a Social Security number?

If you receive a Social Security number valid

for employment after you file your tax return and qualify for the EITC, you may go back up to 3 years to *file* a tax return or *amend* your tax return to claim the EITC. This is true even if you used to have an Individual Taxpayer Identification Number (ITIN) or invalid Social Security number.

Qualifying Child

A qualifying child must meet the relationship, age, and residency.

1. Relationship Test

A qualifying child includes your son, daughter, adopted child, stepchild, eligible foster child or a descendant (for example, your grandchild). It includes your brother, sister, step-brother, step-sister, half-brother, half-sister, or a descendant of any of them. An eligible foster child is a child placed with you by an authorized placement agency or court. An adopted child is always treated as your own child.

2. Age Test

Your qualifying child must be under age 19 at the end of the year or a full-time student under age 24 at the end of the year. To be a full-time student, your child must be enrolled in school full-time for at least 5 months of the year. You can get EITC for children of any age who are totally and permanently disabled. A qualifying child must be younger than the taxpayer claiming that child unless the child is disabled.

3. Residence Test

Your child must live with you in the U.S. for more than half the year.

4. Self-Support Test

The child can't provide more than one-half his/her own support.

Alerts:

- Does a court order say who can list your child as a dependent on tax returns? Does it give this right to your child's other parent? You still may be able to get EITC for your child on your tax return!
- You can be homeless and still claim the EITC.
- You don't have to pay for more than one-half of your child's support to claim the EITC.

5. Citizen/Resident Test

The child must be a citizen or resident of the U.S.

What if my child is the qualifying child of someone else?

Someone else, such as your mother, may be able to claim your child for the EITC. If your child is the qualifying child of someone else who is a relative, that person can claim the child for the EITC if their AGI is higher than your AGI or any other parent of your child.

Two people can't claim the same child.

If 2 parents claim the same child, only the parent where the child lived the longest will be allowed the EITC.