

What Is The Earned Income Tax Credit?

The Earned Income Tax Credit (EITC or EIC) is a tax break for low-income working families. If the tax credit is more than what you owe in taxes, then you will receive a refund equal to the difference between the credit and what you owe in taxes.

You can use the EITC Assistant online at www.irs.gov to find out if you are eligible for the EITC tax credit. IRS Publication 3542 has more information on EITC too.

Who May Claim The EITC?

Any person who worked full or part-time during the year and meets certain rules may qualify for the EITC. You must earn less than a certain amount to qualify for the EITC. This amount changes based on how many children you have. If you earned less than the income shown in the chart below for 2017, you may qualify for the EITC.

Income limits for 2017:

If filing...	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Head of Household or Widowed	\$15,010	\$39,617	\$45,007	\$48,340
Married Filing Jointly	\$20,600	\$45,207	\$50,597	\$53,930

How Much Money Will I Get from EITC?

If you qualify for EITC, the size of your refund will depend on how many children you have and whether you owe taxes.

The maximum amount of credit for tax year 2017 is:

- \$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

How Do I Qualify for the EITC?

You must meet these factors:

1. Earned Income

You must have earned income from wages, tips, self-employment or long-term disability payments paid by your employer of at least \$1. The following income sources do not count as earned income and therefore you will not qualify for the EITC if the majority of your income are from these sources: unemployment benefits, child support, Social Security, alimony, welfare benefits, food stamps, job training benefits, or nontaxable employee pay.

2. Filing Status

Your filing status on your tax return must be single, married filing jointly, head of household or qualified widow/widower. If your filing status is married filing separately, you will not qualify for the EITC.

3. Investment Income

Your investment income (interest, dividends and profit from selling stocks) must be below \$3,450.

4. Social Security Number

You, your spouse and all your children must have Social Security numbers that are valid for employment.

5. Qualifying Child

Any child you claim for the EITC must be related to you biologically or through formal adoption or foster placement. You may claim children, grandchildren, siblings, nieces and nephews who you support, who live with you more than half of the year and who are either 18 years old or younger or who are full time students 23 years old or younger. In addition, the child cannot file a joint return for the year (other than for a claim of refund). A child who is married generally will not be a qualifying child.

What If My Child Is The Qualifying Child of Someone Else?

To claim a child for the EITC, the child must have lived with you for a majority of nights during the tax year. If both parents try to claim the same child for the EITC, then the parent with whom the child resided the longest during the year will be allowed to claim the EITC.

If the child lived with both parents equally, then the parent with the highest adjusted gross income (AGI) will be allowed to claim the EITC.

What Should I Do If I Forgot to Apply for the EITC?

If you qualified for the EITC in prior years but did not claim it, you may go back three years to either file or amend your tax return and claim the EITC.

Will The EITC Affect My Benefits?

The EITC will not affect your eligibility or amount for certain public benefits such as food stamps, low-income housing, welfare or SSI as long as you spend the EITC within a certain time period. If you are denied public benefits or your amount decreases because of the EITC, you should call the MLSA HelpLine or apply online.

What If the IRS Denies My EITC?

You should appeal the IRS decision if you feel that you qualify for the EITC. You must prepare a written statement explaining why you are qualified, and attach documents that support your claim. If you do not appeal the IRS decision, you may not be able to claim the EITC for the next two years.

Tax Help

- Volunteer Income Tax Assistance (VITA) provides free tax preparation services: 1-800-906-9887 or www.MontanaFreeFile.org
- MLSA provides low-income taxpayers with legal assistance on tax matters: 1-800-666-6899
- www.MontanaFreeFile.org: helps you find free tax assistance and free tax filing options
- IRS Tax Information for Individuals: <http://www.irs.gov/individuals/index.html>

How do I get more help?

Montana Legal Services Association (MLSA) provides free civil legal help to low-income people who meet certain eligibility criteria:

- Apply at anytime online at mtlsa.org;
- Call our Helpline at 1-800-666-6899 (Helpline hours may be limited to certain day time hours).

What help can I find at MLSA?

- Legal advice and representation;
- Referrals to pro bono attorneys and other providers;
- Self-help clinics and materials.

www.MontanaLawHelp.org

Need legal information or forms? Visit www.MontanaLawHelp.org.

Can't find what you want? Use LiveHelp. Click on the LiveHelp picture and get help finding the information you need.

www.MTLSA.org

Find copies of all our brochures online. They are all available for free download!

This pamphlet is meant to give basic legal information, not legal advice about your problem. The law changes often and each case is different. This pamphlet may not apply to your problem. You should not rely on it only. Please talk to an attorney about your problem.

Montana Legal Services Association

Low Income Taxpayer Clinic: Earned Income Tax Credit



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