



# Earned Income Tax Credits (EITC)

The Earned Income Tax Credit (EITC) lowers taxes and provides cash back to low and moderate income workers. There are two related programs — the federal EITC and the Wisconsin EITC. In tax year 2001 over 189,000 tax filers claimed both credits. Households averaged more than \$2000 in combined state and federal credits.

## ELIGIBILITY

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### Am I Eligible For The Federal EITC?

**THE FEDERAL EITC** is available to low and moderate income workers. You may be eligible in tax year 2004 if:

- You have earned income from a job. (This includes wages, salaries, tips, self-employment income, military pay and allowances, strike benefits, private long-term disability payments, and payments from W-2 Trial Jobs);
- Your total income during 2004 is less than the limits below. (Count alimony, UC benefits and any taxable portion of Social Security. Most people will not count child support, SSI, energy assistance, FoodShare, W-2 grants or child care subsidies):
  - \$11,490 (\$12,490 for married workers) if you have no qualifying children (you must be age 25 through age 64);
  - \$30,388 (\$31,388 for married workers) if you have one qualifying child;
  - \$34,458 (\$35,458 for married workers if you have two or more qualifying children).
- You are a U.S. citizen or a 'resident alien for tax purposes';
- Your investment income during 2004 is no more than \$2,650.

### Am I Eligible For Wisconsin's EITC?

**WISCONSIN'S EITC** is available to most people who claim the federal EITC. You may be eligible in tax year 2004 if you meet ALL the following:

- You claimed the federal EITC;
- You have one or more qualifying children;
- You lived in Wisconsin for all of 2004.

### Who Counts As A Qualifying Child?

A "**QUALIFYING CHILD**" must be under 19 years old, or under 24 if a full-time student, or any age if disabled. The child does NOT have to be your dependent, but must be one of the following:

- A son, daughter, stepchild, grandchild, or adopted child who has lived with you in the United States for at least 6 months of the tax year; OR
- A brother, sister, stepbrother or stepsister — or a descendant of these relatives — who lived with you in the United States for at least 6 months of the tax year; OR
- A foster child placed with you who lived in your household in the United States for at least 6 months of the tax year.

## BENEFITS

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### How Much Can I Receive?

**THE AVERAGE** federal credit in tax year 2001 was over \$1,800/household. The average state credit was over \$300/household. The amount you receive depends on your income and the number of qualifying children you have.

- If you have no qualifying children, you could receive up to \$390;
- If you have 1 qualifying child, you could receive up to \$2,708;
- If you have 2 qualifying children, you could receive up to \$4,902;
- If you have 3 or more qualifying children, you could receive up to \$6,149.

Remember - you can qualify for the credit whether you owe taxes, or are owed a refund. You can even apply if you worked but did not earn enough to pay taxes.

**Can I Get The EITC For Past Years?**

**IF YOU** think you qualified for the EITC in past years but did not claim it, you can file an amended return up to 3 years after the due date for federal returns and up to 4 years after the due date for state returns. Call the IRS and the Wisconsin Department of Revenue for help.

**Can I Get EITC Benefits In Advance?**

**IF YOU** have children and think you may qualify for the federal EITC, you may be able to receive a portion of the credit in each paycheck. This is called the Advance EITC. To apply just complete a W-5 form and give it to your employer. You cannot receive the state EITC in advance.

## **APPLICATION**

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**How Do I Apply?**

**TO RECEIVE** the federal credit you must file a federal tax return. If you have qualifying children, file form 1040 or 1040A and Schedule EIC. If you have no children you may file form 1040EZ. To receive the state credit, you must file a state income tax return using form 1 or 1A.

**Who Do I Contact To Learn More?**

**FOR INFORMATION** on the federal EITC or to obtain forms call the IRS at 800-829-1040. For information on Wisconsin's EITC call the Department of Revenue in Madison at (608) 266-2772 or check the state government listings in the blue pages of your phone book for the nearest Department of Revenue office. Some communities have Volunteer Income Tax Assistance (VITA) sites that provide free tax preparation. For the nearest location contact the IRS or your local library. Information is available online on the federal and state EITC at [www.uwex.edu/ces/econ](http://www.uwex.edu/ces/econ) or [www.dor.state.wi.us](http://www.dor.state.wi.us). You can find out if you may be eligible by contacting the ACCESS website on the internet at [www.access.wisconsin.gov](http://www.access.wisconsin.gov).