

# Earned Income Table

Earned Income for EIC	
Includes	Doesn't include
<ul style="list-style-type: none"> <li>• Taxable wages, salaries, and tips</li> <li>• Union strike benefits</li> <li>• Taxable long-term disability benefits received prior to minimum retirement age</li> <li>• Net earnings from self-employment</li> <li>• Gross income of a statutory employee</li> <li>• Household employee income</li> <li>• Nontaxable combat pay election</li> <li>• Non-Employee compensation</li> <li>• The rental value of a home or a housing allowance provided to a minister as part of the minister's pay (Out of Scope)</li> </ul>	<ul style="list-style-type: none"> <li>• Interest and dividends</li> <li>• Social security and railroad retirement benefits</li> <li>• Welfare benefits</li> <li>• Workfare payments</li> <li>• Pensions and annuities (except if disability pension and taxpayer is under minimum retirement age)</li> <li>• Veteran's benefits (including VA rehabilitation payments)</li> <li>• Workers' compensation benefits</li> <li>• Alimony</li> <li>• Child support</li> <li>• Nontaxable foster-care payments</li> <li>• Unemployment compensation</li> <li>• Taxable scholarship or fellowship grants that aren't reported on Form W-2</li> <li>• Earnings for work performed while an inmate at a penal institution or on work release*</li> <li>• Salary deferrals (for example, under a 401(k) or 403(b) plan or the Federal Thrift Savings Plan)</li> <li>• The value of meals or lodging provided by an employer for the convenience of the employer</li> <li>• Disability Insurance payments</li> <li>• Excludable dependent care benefits (line 25 of Form 2441)</li> <li>• Salary reductions such as under a cafeteria plan</li> <li>• Excludable employer-provided educational assistance benefits (may be shown in box 14 of Form W-2)</li> <li>• Anything else of value received from someone for services performed, if it isn't currently taxable, which include Medicaid waiver payments that have been excluded from income.</li> </ul>

**\*Note:** This particular income is entered as other income on the return and not counted as earned income.

## Common EIC Filing Errors

- Claiming a child who doesn't meet the residency and relationship requirements
- Married taxpayers incorrectly filing as a single or head of household
- Incorrectly reporting income, particularly income and expenses from self-employment
- Incorrect social security numbers

# Summary of EIC Eligibility Requirements

Part A Rules for Everyone	Part B Rules If You Have a Qualifying Child	Part C Rules If You Don't Have a Qualifying Child
Taxpayers & qualifying children must all have SSN that is valid for employment by the due date of the return (including extensions). See Note below regarding other identification numbers.	Child must meet the relationship, age, residency test and joint return tests but not the support test. The child doesn't have to be your dependent.. If child is married, see Note below.	Must be at least age 25 but under age 65 as of December 31.*
Filing status can't be married filing separately.	Qualifying child can't be used by more than one person to claim the EIC.	Can't be the dependent of another person.
Must be a U.S. citizen or resident alien all year.	The taxpayer can't be a qualifying child of another person.	Must have lived in the United States more than half the year.
Can't file Form 2555 or Form 2555-EZ (relating to foreign earned income).		Can't be a qualifying child of another person.
Investment income must be \$3,500 or less.		
Can't be a qualifying child of another person.		

**Part D  
Earned Income and AGI Limitations**  
**You must have earned income to qualify for this credit.**

Your earned income and AGI must be less than:

- \$49,194 (\$54,884 for married filing jointly) if you have three or more qualifying children,
  - \$45,802 (\$51,492 for married filing jointly) if you have two qualifying children,
  - \$40,320 (\$46,010 for married filing jointly) if you have one qualifying child, or
  - \$15,270 (\$20,950 for married filing jointly) if you don't have a qualifying child.

\*Taxpayers turning 25 on January 1st are considered to be 25 as of December 31st. Taxpayers reaching the age 65 on January 1st are still considered to be 64 as of December 31st.

**Note:** To meet the joint return test, the child cannot file a joint return for the year unless it's to only claim a refund of income tax withheld or estimated tax paid.



**CAUTION** Taxpayers cannot file an amended return to claim the credit for a year they did not originally have a valid social security number.

**Other taxpayer identification number.** Taxpayer can't get the EIC if, instead of an SSN, taxpayer (or spouse, if filing a joint return) or dependent have an individual taxpayer identification number (ITIN). ITINs are issued by the IRS to noncitizens who can't get an SSN.

# EIC General Eligibility Rules

Probe/Action: Ask the taxpayer:

step 1	Calculate the taxpayer's earned income and adjusted gross income (AGI) for the tax year. Are both less than: <ul style="list-style-type: none"> <li>• \$49,194 (\$54,884 married filing jointly) with three or more qualifying children;</li> <li>• \$45,802 (\$51,492 married filing jointly) with two qualifying children;</li> <li>• \$40,320 (\$46,010 married filing jointly) with one qualifying child; or</li> <li>• \$15,270 (\$20,950 married filing jointly) with no qualifying children?</li> </ul>	If <b>YES</b> , go to Step 2. If <b>NO</b> , STOP. You can't claim the EIC.
step 2	Do you (and your spouse, if filing jointly) have a social security number (SSN) that allows you to work?*	If <b>YES</b> , go to Step 3. If <b>NO</b> , STOP. You can't claim the EIC.
	<b>Note:</b> Answer "no" if the taxpayer's social security card has a "NOT VALID FOR EMPLOYMENT" imprint, and if the cardholder obtained the SSN to get a federally funded benefit, such as Medicaid.	
step 3	Is your filing status married filing separately?	If <b>YES</b> , STOP. You can't claim the EIC. If <b>NO</b> , go to Step 4.
step 4	Are you (or your spouse, if married) a nonresident alien? <b>Note:</b> Answer "no" if the taxpayer is married filing jointly, and one spouse is a citizen or resident alien and the other is a nonresident alien.	If <b>YES</b> and you are either unmarried or married but not filing a joint return, STOP. You can't claim the EIC. If <b>NO</b> , go to Step 5.
step 5	Are you (or your spouse, if filing jointly) filing Form 2555 or Form 2555-EZ (Foreign Earned Income) to exclude income earned in a foreign country?	If <b>YES</b> , STOP. You can't claim the EIC. If <b>NO</b> , go to Step 6.
step 6	Is your investment income (interest, tax exempt interest, dividends, capital gains distributions & capital gains) more than \$3,500?	If <b>YES</b> , STOP. You can't claim the EIC. If <b>NO</b> , go to Step 7.
step 7	Are you (or your spouse, if filing jointly) the qualifying child of another taxpayer?	If <b>YES</b> , STOP. You can't claim the EIC. If <b>NO</b> , go to the interview tips for EIC—With a Qualifying Child or EIC—Without a Qualifying Child.

**Note:** If your Social Security card says **VALID FOR WORK ONLY WITH DHS AUTHORIZATION**, you **can** use your Social Security number to claim EITC if you otherwise qualify.

# EIC With a Qualifying Child

Probe/Action: Ask the taxpayer:

step 1	Does your qualifying child have an SSN that allows him or her to work? <b>Note:</b> Answer NO if the child's social security card says "NOT VALID FOR EMPLOYMENT" and his or her SSN was only obtained to get a federally funded benefit.	If <b>YES</b> , go to Step 2. If <b>NO</b> , STOP. You can't claim the EIC on the basis of this qualifying child.
step 2	Is the child your son, daughter, stepchild, adopted child, or eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them?	If <b>YES</b> , go to Step 3. If <b>NO</b> , STOP. This child isn't your qualifying child. Go to interview tips for EIC Without a Qualifying Child.
step 3	Was the child any of the following at the end of the tax year: <ul style="list-style-type: none"><li>• Under age 19 and younger than the taxpayer (or spouse, if filing jointly)</li><li>• Under age 24 and a full-time student and younger than the taxpayer (or spouse, if filing jointly), or</li><li>• Any age and permanently and totally disabled?</li></ul>	If <b>YES</b> , go to Step 4. If <b>NO</b> , STOP. This child isn't your qualifying child. Go to interview tips for EIC Without a Qualifying Child.
step 4	Did the child file a joint return for the year? <sup>1</sup> <b>Note:</b> Answer NO if the child and his or her spouse filed a joint return only to claim a refund of income tax withheld or estimated tax paid.	If <b>NO</b> , go to Step 5. If <b>YES</b> , STOP. This child isn't your qualifying child (failed the joint return test). Go to interview tips for EIC Without a Qualifying Child.
step 5	Did the child live with you in the United States for more than half (183 days for 2018) of the tax year? <sup>2</sup> <b>Note:</b> Active duty military personnel stationed outside the United States are considered to live in the United States for this purpose.	If <b>YES</b> , go to Step 6. If <b>NO</b> , STOP. This child isn't your qualifying child. Go to interview tips for EIC Without a Qualifying Child.
step 6	Is the child a qualifying child of another person? <b>Note:</b> There may be a case when a qualifying child can't be claimed by anyone. <b>Example:</b> The only parent that the child lives with doesn't work nor files a tax return and another adult can't meet the general eligibility rules. In this example, no one qualifies to claim this child as a qualifying child for EIC.	If <b>YES</b> , explain to the taxpayer what happens when more than one person claims the EIC using the same child (Qualifying Child of More than One Person rule). If the taxpayer chooses to claim the credit with this child, compute the EIC using the appropriate EIC worksheets. If <b>NO</b> , compute the EIC using the appropriate EIC worksheet.

## Footnotes

<sup>1</sup> If your child was married at the end of the year, he or she doesn't meet the joint return test unless you can claim as a dependent or you can't claim the child as a dependent because you gave that right to the child's other parent.

<sup>2</sup> **Temporary absences.** Count time that you or your child is away from home on a temporary absence due to a special circumstance as time the child lived with you. Examples of a special circumstance include illness, school attendance, business, vacation, military service, and detention in a juvenile facility.

# EIC Without a Qualifying Child

Probe/Action: Ask the taxpayer:

step <b>1</b>	Can you (or your spouse, if filing jointly) be claimed as a dependent by another person?	If <b>NO</b> , go to Step 2. If <b>YES</b> , STOP. You can't claim the EIC.
step <b>2</b>	Were you (or your spouse, if filing jointly) at least 25 but under age 65 on December 31 of the tax year? Taxpayers born on January 1st are considered to be of age as of December 31st. Taxpayers reaching the age of 65 on January 1st are still considered 64 as of December 31st.	If <b>NO</b> , STOP. You can't claim the EIC. If <b>YES</b> , go to Step 3.
step <b>3</b>	Did you (and your spouse, if filing jointly) live in the United States for more than half (at least 183 <sup>1</sup> days) of the tax year?  <sup>1</sup> More than 183 days in a leap year.	If <b>NO</b> , STOP. You can't claim the EIC. If <b>YES</b> , compute EIC using the appropriate EIC worksheet.

**Note:** Taxpayers meeting the above age criteria should file a paper return to avoid a potential rejected electronic filed return and in the year the taxpayer turns 65 if death occurs before their birthday.

## Qualifying Child of More than One Person

If the child meets the conditions to be the qualifying child of more than one person, only one person can claim the child. The tiebreaker rules, which follow, explain who, if anyone, can claim the EIC when more than one person has the same qualifying child. However, the tiebreaker rules don't apply if the other person is your spouse and you file a joint return. Review all of the conditions to see which one applies.

- If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.
- If the parents don't file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time in 2018. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2018.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for 2018.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for 2018, but only if that person's AGI is higher than the highest AGI of any of the child's parents who can claim the child.

**Note 1:** If you can't claim the EIC because your qualifying child is treated under the tiebreaker rules as the qualifying child of another person for 2018, you may be able to take the EIC using a different qualifying child, or take the EIC if they qualify using the rules for people who don't have a qualifying child.

**Note 2:** Subject to these tiebreaker rules, you and the other person may be able to choose which of you claims the child as a qualifying child. See Publication 596, Earned Income Credit (EIC), for examples.