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FACTS

The Earned Income  
Credit:

- Provides a tax break for people who work
- Boosts income
- Helps individuals and families keep current with their expenses

Your Money.  
You Earned It.



Now  
Claim It!

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Now  
Claim It!

If you have been hit by the economic downturn, knowing that you may qualify for thousands of dollars in federal tax credits is great news! Even if you never qualified before, you could be eligible now!

The Earned Income Credit and Child Tax Credit are tax benefits for people who earn low to moderate incomes. If you worked in 2013, then you may be eligible!

How much is the Earned Income Credit (EIC) worth?

- If you lived with a qualifying child\* for more than half the year, and you earned less than \$37,870 (\$43,210 if married), you can claim up to **\$3,250** in EIC benefits.
- If you lived with two children and earned less than \$43,038

(\$48,378 if married), you can claim up to **\$5,372**.

- If you lived with three or more children and earned less than \$46,227 (\$51,567 if married), you can claim and EIC up to **\$6,044**.
- Workers not raising a family may be eligible for up to **\$487** if they earned less than \$14,340 (\$19,680 if married) and are between the ages of 25 and 64.



What about the Child Tax Credit (CTC)?

Workers raising children can maximize their tax credit benefits by claiming the CTC, worth up to

CTC, worth up to \$1,000 for each child under the age of 17. To be eligible for the CTC, a worker must have taxable earned income above \$3,000 in 2013.

Workers can even get FREE tax filing assistance!

Keep the tax credits you've earned in your pocket. Instead of paying to get your tax return filed, you can get free help filing your tax return through the IRS sponsored program VITA (Volunteer Income Tax Assistance). VITA volunteers are trained to help workers claim tax credits for which they are eligible.

\*See *Your Questions Answered* on page 2 to learn who is considered a qualifying child.

## UNDERSTANDING THE EIC AND CTC

Janet, who was laid off this year from her job as a real estate agent, will get the boost she needs from the EIC and CTC. As a single mother of two children, both under the age of 17, Janet earned \$41,500 in 2012 and was ineligible to claim the EIC.

Janet worked for six months before being laid off, and was unable to find another job. Her total income during 2013 was \$19,250. When she files her tax return, she will receive an EIC worth \$4,977.

Janet will also be eligible for a CTC, worth \$2,000. These credits offset any income taxes she owes, and she will be able to use the remaining balance from the refund to keep up with her family's needs.

## Your Questions Answered

### Who can claim the tax credits?

- You must have “earned income”
- You cannot be a qualifying child of another person

### For the EIC only:

- You must have a valid Social Security Number (SSN)
- Your filing status cannot be married, filing separately

### For the CTC only:

- You must have an SSN or an Individual Taxpayer Identification Number (ITIN).

### What is “earned income”?

Earned income includes taxable income that you get from working. You can get earned income by working for someone who pays you or working in a business you own. Taxable earned income includes salaries, wages, tips, net earnings from self-employment, union strike benefits and employer paid disability. In general, military combat pay is not taxable, but it counts as earned income for the CTC and you have the option to count it to qualify for the EIC.

Earned Income does **NOT** include Social Security benefits, welfare benefits, pensions or annuities, Veterans’ benefits, alimony and child support, unemployment compensation, earnings for work performed while an inmate at a penal institution, and taxable scholarships not reported on Form W-2.

### Who is a “qualifying child” for the EIC and CTC?

- Sons, daughters, stepchildren, grandchildren and adopted children
- Brothers, sisters, stepbrothers, or stepsisters as well as descendants of such relatives
- Foster children, who are placed with a worker by an authorized government or private placement agency.

A qualifying child must live with a worker at least half the year and must be:

- Under 17 for the CTC
- Under 19 for the EIC (or under 24 if a full-time student).

There is no age limit to claim the EIC if the child is permanently and totally disabled.

### Do the EIC and CTC affect my eligibility for other cash assistance programs?

No. EIC and CTC refunds won’t count as income when you apply for or renew benefits like food stamps, SSI, Medicaid, cash assistance, or public housing. Refunds that are saved do not count against these and other federally-funded benefit program resource/asset limits for 12 months after the refund is received.

## Claim YOUR Tax Benefits!!!

Workers claiming children **must** file a tax return using Form 1040 or 1040A and fill out and attach Schedule EIC to claim the EIC and Form 8812 to claim the CTC.

Workers with children cannot get the EIC or CTC if they file Form 1040EZ. Workers without children can file any tax form.

Workers who did not take advantage of the EIC and CTC in the past, but were eligible can still claim it for up to three previous years.

To find a FREE VITA site near you, call **1-800-906-9887**.

To learn more about eligibility requirements, documents to bring at a free tax filing site, and general information about the tax credits, call the IRS at **1-800-829-1040** or visit <http://www.irs.gov/eitc>

