

Qualifying Child

A qualifying child must meet the relationship, age and residence tests.

1. Relationship Test

A qualifying child includes your son, daughter, adopted child, stepchild, grand child, and great-grandchild. It also includes your brother, sister, step-brother, step-sister, niece, nephew or eligible foster child as long as you care for them as you would your own child.

✓ For **2002**, an eligible foster child is a child placed with you by an authorized placement agency (state or local government, court or tax-exempt state agency). You must care for the child as your own, and the child must live with you for more than half the year.

✓ For a **2001 and 2000** tax return, an eligible foster child is a child who is your brother, sister, stepbrother or stepsister, or a child of your brother, sister, stepbrother or stepsister. A child placed with you by an authorized placement agency can also be an eligible foster child. You must care for the child as your own, and the child must live with you all 12 months of the year.

✓ If you are filing a **1999** tax return, an eligible foster child is *any* child you cared for as your own and who lived with you all 12 months of the tax year.

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. To be a full-time student, you must be enrolled in school full-time for at least five months of the year. You can get EITC for children of any age who are totally and permanently disabled.

3. Residence Tests

Your qualifying child must live with you in the United States for more than half the year. If your child is an eligible foster-child, the child must live with you for half of the year. In most cases, you do not have to claim your child as a dependent in order to qualify for EITC. You can be homeless and still claim the EITC.

Who May Get EITC?

Any person who worked full-time or part-time during the year and meets certain rules could get EITC.

Single or married people without children may get up to \$382 if you:

- are between the ages of 25 and 64;
- are not claimed as a dependent;
- lived in the U.S. more than ½ of the year; and
- your income is less than \$11,230 (\$12,060 if filing a joint return).



If you have one child, you may get up to \$2,506 if:

- your family income is less than \$29,201 (\$30,201 if filing jointly);

If you have two or more children, you may get up to \$4,140 if:

- your family income is less than \$33,178 (\$34,178 if filing jointly).

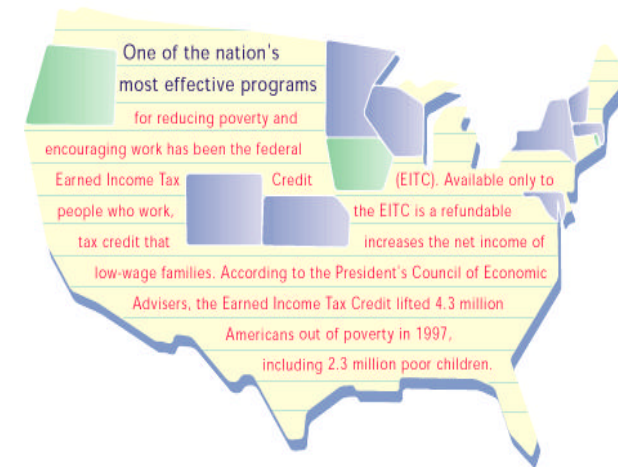
NOTE: This information cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice. You should contact a lawyer if you need representation on a tax matter or if you have questions

Rhode Island Legal Services Low Income Tax Clinic is funded in part by a grant from the Internal Revenue Service.



EARNED INCOME TAX CREDITS

ENGLISH



RHODE ISLAND LEGAL SERVICES
LOW INCOME TAX CLINIC
56 PINE STREET, SUITE 400
PROVIDENCE, RI 02903
(401) 274-2652
TOLL FREE (800) 662-5034

What Is The Earned Income Tax Credit?

Earned income tax credit (EITC) is a tax benefit for working people who earn low or 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.

Facts About EITC

- ✓ You can get the EITC if you are self-employed.
- ✓ You can get EITC if you have been paid in cash or personal check, as long as you document these payments.
- ✓ 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. You may be able to go back and claim the EITC for the past three years.

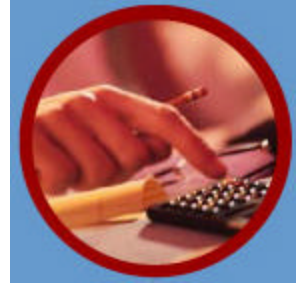
What If My Child Is The Qualifying Child Of Someone Else?

Someone else, such as your mother, may be able to claim your child for the EITC. You can choose which person can claim the EITC! If you have more than one child, you can even split the children.

Two people cannot claim the same child.

1. If two parents claim the same child, only the parent where the child lived the longest will be allowed the EITC.
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 two nonparents claim the same child, only the nonparent with the highest income can claim the EITC.



How Do I Qualify For The Maximum EITC?

- To get the most EITC (\$376) if you have no children, your income must be between \$4,900 and \$6,149.
- To get the most EITC (\$2,506) with one child, your income must be between \$7,350 and \$13,549.
- To get the most EITC (\$4,140) for two or more children, your income must be between \$10,350 and \$13,549.

Do I Have To Wait To File Taxes Before I Can Get EITC?

No. If you earn less than \$29,666 (\$30,666 if filing a joint return), have at least one qualifying child and can claim the EITC, your employer can advance your EITC in each paycheck. Your employer can pay up to \$1,528 in advance EITC benefits each year. This means that you can get up to \$127 extra in your paycheck each month! Do not apply for the advanced EITC if you work for yourself or you plan to marry. You can get the advanced EITC by filling out a W-5 form and giving it to your employer.

The W-5 expires on December 31; you must file a new W-5 form each year.

Will EITC Affect My Public Benefits?

EITC or advance EITC will not affect your eligibility for public benefits, such as food stamps, housing, welfare, SSI and RITE Care. EITC or advance EITC will not affect the amount of your public benefits. If you do not 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: Rhode Island Legal Services (800) 662-5034.

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 documents that support your claim.

If you do not appeal the IRS decision, you may not be able to claim EITC for the next two 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 Form 8862 with your tax return if the IRS previously denied your EITC. For more information on the EITC, see IRS Publication 596.

How Can You Qualify For EITC?

Earned Income - *You must* have earned income. This includes income from wages, tips and 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; welfare benefits; food

stamps; job training benefits; nontaxable employee pay and interest.

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 \$2,550.

Legal Status - You must be a United States citizen or resident alien. You are a resident alien if you have a "green card" or if you have been in the United States for a certain period of 2002 time. You do *not* have to be a legal

resident to be a resident alien for tax purposes. Nonresident aliens cannot claim EITC.



Social Security Number

Both you and your spouse must have Social Security number(s) valid for employment. Any child you claim for EITC (qualifying child) must also have a Social Security number valid for employment.

You may go back three years and amend your tax return to claim the EITC if you receive a valid Social Security after you file your tax return and qualify for the EITC.

If you have a Social Security number valid for employment and you did not file a return and claim the EITC, you may go back three years to file a tax return and claim EITC. This is true even if you have never filed a tax return or even if you used to have an Individual Taxpayer Identification Number (ITIN) or invalid Social Security number.