



WS 17-08
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Basic/Expanded Service
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To: Career Offices

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Subject: Federal Tax Credits and No-Cost Tax Filing Assistance

Purpose

To promote and provide updated information on federal tax credits and no-cost tax filing assistance for TANF recipients and other low-income workers.

This issuance replaces WS 16-01 Federal Tax Credits and No-Cost Tax Filing Assistance.

Background

The [Earned Income Tax Credit](#) (EITC) is a federal income tax credit for low-income working individuals and families.

The [Child Tax Credit](#) (CTC) is a federal income tax credit for low-income working families with one or more children.

- The EITC and CTC often result in a refund to low-income households who file a return.
- To qualify for these credits, taxpayers *must* file a tax return, even if they did not earn enough money to be obligated to file a tax return. A qualifying taxpayer must file a return and claim applicable credits in order to receive them.
- EITC and CTC refund payments do not count as income when applying for or renewing benefits like Supplemental Nutrition Assistance (food stamps), Supplemental Security Income (SSI), Medicaid, Temporary Assistance for Needy Families (TANF) cash assistance, or public housing.

The Volunteer Income Tax Assistance (VITA) program offers free tax help for low-to-moderate income households (generally, those that made \$54,000 or less), persons with disabilities, the elderly and limited English speaking taxpayers who need assistance in filing a federal tax return. VITA sites are generally located at community and neighborhood centers,

libraries, schools and shopping malls. Most locations also offer free electronic filing. A list of VITA sites is available on the IRS Website at [List of VITA Sites](#) or by calling 1-800-906-9887.

Promoting the Credits

Career office contractors and managers will make sure the staff promotes the tax credits to customers who are tagged in TANF/Choices and who are working or have worked during the past year.

The Internal Revenue Service (IRS) has created a flyer that can be share with customers and displayed in the resource room. The flyer, in multiple languages, is available at [Earned Income Tax Credit Flyer](#).

Action

1. Make sure all offices display the EITC flyer in resource rooms.
2. Make sure all office managers, supervisors, personal service representatives, employment counselors and other appropriate staff are aware of the EITC and where customers can go for free tax help.
3. Make sure staff promotes the use of the tax credits, and tax filing, to individuals tagged in TANF/Choices who are working or have worked during the past year.

Questions

Staff should ask questions of their supervisors first. Direct questions for Board staff through the [Submit a Question](#) link.

Earned Income Tax Credit (EITC) Basic Qualifications

All Workers Claiming the EITC Must:

- Have a valid Social Security number,
- Not file as "married filing separate,"
- Not file Form 2555 or Form 2555-EZ (related to Foreign Earned Income),
- Meet the investment income limitation (\$3,400 or less for tax year 2016),
- Have earned income,
- Not be the qualifying child of another person,
- Generally, be a U.S. citizen or resident alien for the entire year.

To Claim EITC With a Qualifying Child, the Child Must Pass All of the Following Tests:

- Relationship
 - A son or daughter (including an adopted child or child placed for adoption)
 - Stepchild
 - Foster child placed by an authorized placement agency or court
 - Brother, sister, half brother, half sister, stepbrother, stepsister or a descendant of any of them
- Age, at the end of the filing year, the child was:
 - Younger than the worker (or the worker's spouse if married filing jointly) **and**
 - younger than 19,
 - or, younger than 24 and a full-time student
 - Any age if permanently and totally disabled
- Residency
 - Child must live with the worker, or the worker's spouse if filing a joint return, in the United States for more than half of the year.
- Joint Return
 - The child can **not** have filed a joint return, unless the child and the child's spouse did not have a filing requirement and filed only to claim a refund.

Note: For EITC, the qualifying child does not need to meet the support test under the Uniform Definition of a Child. See [Understanding Who is a Qualifying Child](#).

Caution: Only one person can claim the same qualifying child for EITC and other tax benefits. If more than one person claims the same child, IRS applies the [tiebreaker rules](#).

To Claim EITC Without a Qualifying Child, You, and Your Spouse if you File a Joint Return:

- Must have lived in the United States for more than half of the tax year,
- Either you (or your spouse if filing a joint return) must be at least age 25 but less than age 65
- Cannot qualify as the dependent of another person.

[Special EITC rules](#) for calculating earned income apply if you are:

- Receiving disability benefits or have a qualifying child with a disability
- A member of the military
- A minister or member of the clergy.

Tax Year 2016 Income Limits and Range of EITC

Number of Qualifying Children	For Single/Head of Household or Qualifying Widow(er), Income Must be Less Than	For Married Filing Jointly, Income Must be Less Than	Range of EITC
No Child	\$14,880	\$20,430	\$2 to \$506
One Child	\$39,296	\$44,846	\$9 to \$3,373
Two Children	\$44,648	\$50,198	\$10 to \$5,572
Three or More Children	\$47,955	\$53,505	\$11 to \$6,269