

The Earned Income Tax Credit or the EITC is a refundable federal income tax credit for low to moderate income working individuals and families. Congress originally approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide an incentive to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit.

To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to have a filing requirement.

The EITC has no effect on certain welfare benefits. In most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Security Income (SSI), food stamps, low-income housing or most Temporary Assistance for Needy Families (TANF) payments.

To qualify for Earned Income Tax Credit or EITC, you must have earned income from employment, self-employment or another source and meet certain rules. In addition, you must either meet the additional rules for Workers without a Qualifying Child or have a child that meets all the Qualifying Child Rules for you.

2009 Tax Year

New for tax year 2009: The amount of EITC increased for workers with a third qualifying child and the rules changed for determining who is a qualifying child. [Earned Income](#) and adjusted gross income (AGI) must each be less than:*

- \$43,279 (\$48,279 married filing jointly) with three or more qualifying children
- \$40,295 (\$45,295 married filing jointly) with two qualifying children
- \$35,463 (\$40,463 married filing jointly) with one qualifying child
- \$13,440 (\$18,440 married filing jointly) with no qualifying children

Tax Year 2009 maximum credit:

- \$5,657 with three or more qualifying children
- \$5,028 with two qualifying children
- \$3,043 with one qualifying child
- \$457 with no qualifying children

The Fostering Connections to Success and Increasing Adoptions Act of 2008 changed the uniform definition of a child. Now, a "qualifying child" must: Be younger than the taxpayer claiming that child unless the child is disabled and Not have filed a joint return except to claim a refund. It also added a new Parent AGI rule. If the same child is a qualifying child of a parent and another relative, the person who is not the parent can claim the child only if their AGI is higher than the AGI of any parent of the child. *The American Recovery and Reinvestment Act (ARRA) provides a temporary increase in EITC and expands the credit for workers with three or more qualifying children. These changes are temporary and apply to 2009 and 2010 tax years.

For more information on whether a child qualifies you for the EITC, see [Publication 596](#), Chapter 2, Rules If You Have a Qualifying Child.

Investment income must be \$3,100 or less for the year.

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