

2010

Money
Talks!



Have
you
heard?

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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

WORKED FULL-TIME, PART-TIME OR ANYTIME IN 2009? YOU MAY BE ELIGIBLE FOR FEDERAL TAX DOLLARS!

If you have been hit by the current 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 2009, 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 \$35,463 (\$40,463 if married), you can claim up to **\$3,043** in EIC benefits.
- If you lived with two children and earned less than \$40,295

- (\$45,295 if married), you can claim up to **\$5,028**.
- If you lived with three or more children and earned less than \$43,279 (\$48,279 if married), you can claim and EIC up to **\$5,657**.
- Workers not raising a family may be eligible for up to \$457 if they earned less than \$13,440 (\$18,440 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 2009.

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 \$40,000 in 2008 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 2009 was \$20,000. When she files her tax return, she will receive an EIC worth \$4,274.

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. The EIC and CTC do not count as income for Medicaid, SSI, food stamps or federal housing programs. If saved, refunds can count as a resource in determining eligibility for some benefits, but will not count immediately when received. Contact your state or local welfare agency for information.

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** or visit <http://extension.missouri.edu/hes/taxed/vitasites.htm>.

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>.

