



Extension

UNIVERSITY OF WISCONSIN-MADISON

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Earned Income Tax Credits 2019

An estimated 25,000 Wisconsin residents are eligible for the Earned Income Tax Credit each year, but do not apply.

This document provides an educational overview of the federal and Wisconsin Earned Income Tax Credits, and does not constitute tax advice.

For more information, see fyi.extension.wisc.edu/eitc/

What is the Earned Income Credit (EIC)?

The EIC is a tax credit for workers who earn low or moderate incomes. There are two types of Earned Income Credits: a federal credit that is claimed on your federal taxes, and a Wisconsin credit that is claimed on your state taxes. If you qualify for the EIC and file your taxes, some or all of your income tax that was withheld will be returned to you. If you did not earn enough to have income tax withheld on your paychecks, you can still get the Earned Income Credit. You must file a tax return to receive your EIC even if you do not owe taxes.

Am I eligible for the federal Earned Income Credit?

You may be eligible for the Earned Income Credit on your federal taxes if you meet these requirements:

1. You have earned income.
2. You have an Adjusted Gross Income (AGI) under a certain amount, which will vary based on your marital status and the number of your qualifying children;
3. If you have no qualifying children, you are between ages 25-64 (there are no age limits if you have qualifying children);
4. You have a valid Social Security Number;
5. Your filing status is not married filing separately;
6. You were a U.S. Citizen or Resident Alien all of 2019;
7. You do not file form 2555 or Form 2555-EZ (forms used for Foreign Earned Income); and
8. Your investment income is \$3,600 or less;

The Internal Revenue Service (IRS) has an interactive online EITC Assistant to help you understand if you are eligible to claim the EIC: <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/use-the-eitc-assistant>

Am I eligible for the Wisconsin Earned Income Credit?

You may be eligible for the Wisconsin Earned Income Credit if you meet these requirements:

1. You qualify for the federal EIC;
2. You have at least one qualifying child;
3. You were a full-year Wisconsin resident in 2019; and
4. You file a joint return if you are married.

The Wisconsin Department of Revenue (DOR) provides additional information about the EIC here: <https://www.revenue.wi.gov/Pages/FAQS/ise-eic.aspx>

Will the EIC affect my welfare benefits?

Income from the EIC does not affect eligibility for benefits like W-2, Medicaid, Food Stamps, SSI or public or subsidized housing.

What are the Adjusted Gross Income limits for 2019?

The federal EIC can be claimed by qualifying workers who meet the following income requirements:

Number of qualifying children	Single workers with income less than	Married workers with income less than
3 or more	\$50,162	\$55,952
2 children	\$48,802	\$52,493
1 child	\$41,094	\$46,884
No children	\$15,570	\$21,370

For workers with qualifying children, these income limits also apply to the Wisconsin EIC. Workers without qualifying children are not eligible for the Wisconsin EIC.

How much EIC can I expect if I qualify?

The maximum federal EIC depends on the number of qualifying children:

Number of qualifying children	federal Earned Income Credit up to
3 or more	\$6,557
2 children	\$5,828
1 child	\$3,526
No children	\$529

The actual amount of the EIC depends on your income, your marital status, and the number of qualifying children. To get an estimate of your potential credit, see the online EIC estimator at eitc outreach.org/help.

The Wisconsin EIC is based on a percentage of the federal credit:

Number of qualifying children	Wisconsin Earned Income Credit
3 or more	34% of federal credit
2 children	11% of federal credit
1 child	4% of federal credit
No children	No credit available

What is earned income?

For EIC purposes, earned income generally means wages, salaries, tips, other taxable employee pay, and net earnings from self-employment. Taxable earned income also includes union strike benefits and certain disability benefits before you reach minimum retirement age. Employee pay is earned income only if it is taxable. Nontaxable employee pay, such as certain dependent care benefits and adoption benefits, is not earned income. Other income that does not count as earned income includes Supplemental Security Income, FoodShare, low-income housing payments, child support, alimony, social security benefits, worker's compensation, and payments from a W-2 grant or community service job. There are special rules for nontaxable combat pay and Clergy. See IRS publication 596 for more information: <https://www.irs.gov/pub/irs-pdf/p596.pdf>

I do not have children. Can I claim the EIC?

You must have one or more qualifying children to claim the Wisconsin EIC. To claim the federal EIC, you do not need to have qualifying children, but if you do not have children you must be at least 25 years of age and under 65 years of age by the end of 2019.

For more information on tax credits for low income families, see fyi.extension.wisc.edu/eitc



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What is a qualifying child for the purposes of the EIC?

You do not have to claim a child as a dependent on your tax return in order for them to be a qualifying child for the EIC.

A qualifying child:

- Is your son, daughter, stepchild, foster child, or a descendant of any of them (for example, your grandchild); **or** brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew); **and**
- Is under age 19 at the end of 2019; **or** under age 24 at the end of 2019 and a fulltime student; **or** permanently and totally disabled at any time during the year, regardless of age; **and**
- Lived with you in the United States for more than half of 2019; **and**
- Has a valid Social Security Number.

Two separate tax filers cannot claim the same qualifying child for the EIC, even if they both meet the eligibility criteria. The IRS tiebreaker rule determines who may claim the child. According to this rule, if more than one tax filer meets the EIC eligibility criteria:

- An eligible parent has priority over a non-parent;
- If there are two eligible parents who are not married to each other, the parent who lived with the child for more of the year has priority;
- If both parents lived with the child the same amount of time, the parent with the highest adjusted gross income has priority;
- If none of the eligible tax filers is the child's parent, the tax filer with the highest adjusted gross income has priority.

For information about your specific situation, please see the "IRS Qualifying Child Rules"
<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/qualifying-child-rules>

Can immigrant workers claim the EIC?

You must be a citizen or resident alien for all of 2019 to qualify for the EIC. You, your spouse, and any qualifying children listed on the tax return must each have a Social Security number that is valid for employment. Children must live with you in the United States for at least six months in order to be considered qualifying children for the EIC. You cannot claim the EIC using an ITIN or ATIN. For more information about tax credits for Aliens, see IRS publication 519, Chapter 5:

<https://www.irs.gov/pub/irs-pdf/p519.pdf>

Can I get the EIC for previous years if I did not file for it?

If you did not file taxes because your income was too low or because taxes were not withheld from your paycheck, you can file a tax return for the past three years in order to claim the EIC and other tax credits. If you did file taxes in the past three years but did not claim the EIC, you will need to file an amended return.

The deadline to file a return or an amended return for 2016 is April 15, 2020. For more information, call 1-800-829-3676 or visit: <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/claiming-eitc-prior-years>

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How does the EIC affect my eligibility for other tax credits?

The EIC does not affect your eligibility for other tax credits. Many workers who qualify for the EIC also qualify for the Child Tax Credit. If you work and pay for child care, you may be eligible for the Child and Dependent Care Credit. If you rent or own your home, you may be eligible for the Wisconsin Homestead Credit.

Help is available

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs are designed to help low and moderate income people file their income taxes.

Most programs are open from February 1 through April 15.

To find the VITA or TCE near you:

www.revenue.wi.gov/Pages/FAQS/pcs-vita.aspx

VITA locations: 800-829-1040

TCE locations: 888-227-7669

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