



Not Living With Children? You May Qualify for the EIC

Very low-income workers who are not raising children in their home are eligible for a small Earned Income Credit. The credit is available to people who worked full- or part-time in 2007 and:

- were at least age 25 and under age 65 on December 31, 2007;
- had earnings of less than \$12,590 (or \$14,590 for married workers);
- did not have a “qualifying child” for the EIC in 2007; and
- were *not* the dependent or qualifying child for the EIC of another taxpayer in 2007.

The credit for workers not raising children is worth up to \$428 for tax year 2007 — the average is expected to be about \$240. This credit works the same way as the EIC for families: it gives back some or all of the federal taxes taken out of a worker’s pay during the year. Even workers whose earnings are too small to have paid federal income tax can get the credit.

Why is the EIC important for workers not raising children?

It provides a financial boost to those who work at very low wages or are only able to find part-time work. This includes many day laborers, migrant workers, temporary employees, people who are homeless and general assistance recipients who worked part of the year.

How do you get this credit?

Eligible workers not raising children get the EIC by filing a federal income tax return. They can use Form 1040, 1040A, or 1040EZ. On the “Earned Income Credit” line they simply fill in the amount of their credit or write “EIC” and the IRS will calculate the amount of the credit for them. Married workers must file a joint return to claim this credit.

What do we know about the workers eligible for this credit?

In tax year 2005, more than 4 million such workers received credits worth over \$970 million. Population statistics tell us about workers likely to qualify for this credit.

- The average annual earnings for these workers are about \$6,050. Half (51 percent) of them work in service industries. About 21 percent work fulltime, year round.
- Almost 80 percent of these workers have at least a high school diploma.
- The majority of these workers — approximately 60 percent — are non-Hispanic white. About 17 percent are African American and about 15 percent are Latino.
- About 16 percent are married. About 45 percent are single men and 39 percent are single women.

What are the special outreach challenges?

- For some, the EIC may seem too small to make filing a tax return worthwhile.
- Some may fear entering the tax system either because they haven't filed taxes in a long time or because they owe child support.
- Very low-income workers may be skeptical of information about programs from government agencies such as the IRS. Your outreach materials should contain the name and number of a contact organization that is trusted by low income workers in your community.

Extra Credit for Some Non-custodial Parents

Lower-income workers whose children do not live with them may also qualify for the Child Tax Credit (CTC): a non-custodial parent who is permitted by a divorce or separation agreement to claim a child as a dependent on his or her tax return and earned more than \$11,750 in 2007 may be eligible for a CTC of up to \$1,000 per child under age 17. Outreach messages that target this group of parents and highlight the CTC as an extra opportunity are critical.