

Lines 64a and 64b— Earned Income Credit (EIC)

What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax or did not have any tax withheld.

To Take the EIC:

- Follow the steps below.
- Complete the worksheet that applies to you or let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

For help in determining if you are eligible for the EIC, go to www.irs.gov/eitc and click on “EITC Assistant.” This service is available in English and Spanish.



If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, who must file, later. You may also have to pay penalties.

Step 1 All Filers

- If, in 2013:
 - 3 or more children lived with you, is the amount on Form 1040, line 38, less than \$46,227 (\$51,567 if married filing jointly)?
 - 2 children lived with you, is the amount on Form 1040, line 38, less than \$43,038 (\$48,378 if married filing jointly)?
 - 1 child lived with you, is the amount on Form 1040, line 38, less than \$37,870 (\$43,210 if married filing jointly)?
 - No children lived with you, is the amount on Form 1040, line 38, less than \$14,340 (\$19,680 if married filing jointly)?

Yes. Continue → **No.** You cannot take the credit.
- Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (explained later under *Definitions and Special Rules*)?

Yes. Continue → **No.** You cannot take the credit. Enter “No” on the dotted line next to line 64a.

- Is your filing status married filing separately?

Yes. **No.** Continue →

You cannot take the credit.

- Are you filing Form 2555 or 2555-EZ (relating to foreign earned income)?

Yes. **No.** Continue →

You cannot take the credit.

- Were you or your spouse a nonresident alien for any part of 2013?

Yes. See *Nonresident aliens*, later, under *Definitions and Special Rules.* **No.** Go to Step 2.

Step 2 Investment Income

- Add the amounts from Form 1040:

Line 8a		_____
Line 8b	+	_____
Line 9a	+	_____
Line 13*	+	_____

Investment Income =

*If line 13 is a loss, enter -0-.

- Is your investment income more than \$3,300?

Yes. Continue → **No.** Skip question 3; go to question 4.
- Are you filing Form 4797 (relating to sales of business property)?

Yes. See *Form 4797 filers*, later, under *Definitions and Special Rules.* **No.** You cannot take the credit.
- Do any of the following apply for 2013?
 - You are filing Schedule E.
 - You are reporting income from the rental of personal property not used in a trade or business.
 - You are reporting income on Form 1040, line 21, from Form 8814 (relating to election to report child's interest and dividends).

Yes. You must use Worksheet 1 in Pub. 596 to see if you can take the credit. **No.** Go to Step 3.

Step 3 Qualifying Child

A qualifying child for the EIC is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

AND

was ...

Under age 19 at the end of 2013 and younger than you (or your spouse, if filing jointly)

or

Under age 24 at the end of 2013, a student (defined later), and younger than you (or your spouse, if filing jointly)

or

Any age and permanently and totally disabled (defined later)

AND

Who is not filing a joint return for 2013 or is filing a joint return for 2013 only to claim a refund of withheld income tax or estimated tax paid (see Pub. 596 for examples)

AND

Who lived with you in the United States for more than half of 2013. If the child did not live with you for the required time, see *Exception to time lived with you*, later.



If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2013, see Qualifying child of more than one person, later. If the child was married, see Married child, later.

- Do you have at least one child who meets the conditions to be your qualifying child?
 - Yes.** The child must have a valid social security number (SSN) as defined later, unless the child was born and died in 2013. If at least one qualifying child has a valid SSN (or was born or died in 2013), go to question 2. Otherwise, you cannot take the credit.
 - No.** Skip questions 2 and 3; go to Step 4.
- Are you filing a joint return for 2013?
 - Yes.** Skip question 3 and Step 4; go to Step 5.
 - No.** Continue

- Could you be a qualifying child of another person for 2013? (Check "No" if the other person is not required to file, and is not filing, a 2013 tax return or is filing a 2013 return only to claim a refund of withheld income tax or estimated tax paid (see Pub. 596 for examples).)

- Yes.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.
- No.** Skip Step 4; go to Step 5.

Step 4 Filers Without a Qualifying Child

- Is the amount on Form 1040, line 38, less than \$14,340 (\$19,680 if married filing jointly)?

- Yes.** Continue
- No.** You cannot take the credit.

- Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2013? (Check "Yes" if you, or your spouse if filing a joint return, were born after December 31, 1948, and before January 2, 1989.) If your spouse died in 2013, see Pub. 596 before you answer.

- Yes.** Continue
- No.** You cannot take the credit.

- Was your main home, and your spouse's if filing a joint return, in the United States for more than half of 2013? Members of the military stationed outside the United States, see *Members of the military*, later, before you answer.

- Yes.** Continue
- No.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.

- Are you filing a joint return for 2013?

- Yes.** Skip questions 5 and 6; go to Step 5.
- No.** Continue

- Could you be a qualifying child of another person for 2013? (Check "No" if the other person is not required to file, and is not filing, a 2013 tax return or is filing a 2013 return only to claim a refund of withheld income tax or estimated tax paid (see Pub. 596 for examples).)

- Yes.** You cannot take the credit. Enter "No" on the dotted line next to line 64a.
- No.** Continue


6. Can you be claimed as a dependent on someone else's 2013 tax return?

- Yes.**  **No.** Go to Step 5.

You cannot take the credit.

Step 5 Earned Income

1. Are you filing Schedule SE because you were a member of the clergy or you had church employee income of \$108.28 or more?

- Yes.** See *Clergy or Church employees*, whichever applies. **No.** Continue 

2. Figure earned income:

Form 1040, line 7 _____

Subtract, if included on line 7, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount received for work performed while an inmate in a penal institution (enter "PRI" and the amount subtracted on the dotted line next to Form 1040, line 7).
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and the amount subtracted on the dotted line next to Form 1040, line 7). This amount may be shown in box 11 of Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.

Add all of your nontaxable combat pay if you elect to include it in earned income. Also enter this amount on Form 1040, line 64b. See *Combat pay, nontaxable* later.


+ _____



Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.


Earned Income =

3. Were you self-employed at any time in 2013, or are you filing Schedule SE because you were a member of the clergy or you had church employee income, or are you filing Schedule C or C-EZ as a statutory employee?

- Yes.** Skip question 4 and Step 6; go to Worksheet B. **No.** Continue 

4. If you have:

- 3 or more qualifying children, is your earned income less than \$46,227 (\$51,567 if married filing jointly)?
- 2 qualifying children, is your earned income less than \$43,038 (\$48,378 if married filing jointly)?
- 1 qualifying child, is your earned income less than \$37,870 (\$43,210 if married filing jointly)?
- No qualifying children, is your earned income less than \$14,340 (\$19,680 if married filing jointly)?

- Yes.** Go to Step 6. **No.**  You cannot take the credit.

Step 6 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?

- Yes.** See *Credit figured by the IRS*, later. **No.** Go to Worksheet A.

Definitions and Special Rules

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

Church employees. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, Section B, line 5a. Subtract that amount from the amount on Form 1040, line 7, and enter the result in the first space of Step 5, line 2 (instead of entering the actual amount from Form 1040, line 7). Be sure to answer "Yes" to question 3 in Step 5.

Clergy. The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. If you are filing Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7:

1. Enter "Clergy" on the dotted line next to Form 1040, line 64a.
2. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, Section A, line 2, or Section B, line 2.
3. Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 5, line 2 (instead of entering the actual amount from Form 1040, line 7).
4. Be sure to answer "Yes" to question 3 in Step 5.

Combat pay, nontaxable. If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income. See *Combat Zone Exclusion* in Pub. 3. You can elect to include this pay in your earned income when

figuring the EIC. The amount of your nontaxable combat pay should be shown in box 12 of Form(s) W-2 with code Q. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election. In other words, if one of you makes the election, the other one can also make it but does not have to.

Credit figured by the IRS. To have the IRS figure your EIC:

1. Enter "EIC" on the dotted line next to Form 1040, line 64a.
2. Be sure you enter the nontaxable combat pay you elect to include in earned income on Form 1040, line 64b. See *Combat pay, nontaxable*, earlier.
3. If you have a qualifying child, complete and attach Schedule EIC. If your EIC for a year after 1996 was reduced or disallowed, see *Form 8862, who must file*, later.

Exception to time lived with you. Temporary absences by you or the child for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time the child lived with you. Also see *Kidnapped child* in the instructions for line 6c and *Members of the military*, later. A child is considered to have lived with you for more than half of 2013 if the child was born or died in 2013 and your home was this child's home for more than half the time he or she was alive in 2013.

Form 4797 filers. If the amount on Form 1040, line 13, includes an amount from Form 4797, you must use Worksheet 1 in Pub. 596 to see if you can take the EIC. Otherwise, stop; you cannot take the EIC.

Form 8862, who must file. You must file Form 8862 if your EIC for a year after 1996 was reduced or disallowed for any reason other than a math or clerical error. But do not file Form 8862 if either of the following applies.

- You filed Form 8862 for another year, the EIC was allowed for that year, and your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.
- You are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the other year was because it was determined that a child listed on Schedule EIC was not your qualifying child.

Also, do not file Form 8862 or take the credit for the:

- 2 years after the most recent tax year for which there was a final determination that your EIC claim was due to reckless or intentional disregard of the EIC rules, or
- 10 years after the most recent tax year for which there was a final determination that your EIC claim was due to fraud.

Foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. For more details on authorized placement agencies, see Pub. 596.

Married child. A child who was married at the end of 2013 is a qualifying child only if (a) you can claim him or her as your dependent on Form 1040, line 6c, or (b) you could have claimed him or her as your dependent except for the special rule for *Children of divorced or separated parents* in the instructions for line 6c.

Members of the military. If you were on extended active duty outside the United States, your main home is considered to be in the United States during that duty period. Extended active duty is military duty ordered for an indefinite period or for a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you do not serve more than 90 days.

Nonresident aliens. If your filing status is married filing jointly, go to Step 2. Otherwise, stop; you cannot take the EIC. Enter "No" on the dotted line next to line 64a.

Permanently and totally disabled. A person is permanently and totally disabled if, at any time in 2013, the person could not engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can be expected to lead to death.

Qualifying child of more than one person. Even if a child meets the conditions to be the qualifying child of more than one person, only one person can claim the child as a qualifying child for all of the following tax benefits, unless the special rule for *Children of divorced or separated parents* in the instructions for line 6c applies.

1. Dependency exemption (line 6c).
2. Child tax credits (lines 51 and 65).
3. Head of household filing status (line 4).
4. Credit for child and dependent care expenses (line 48).
5. Exclusion for dependent care benefits (Form 2441, Part III).
6. Earned income credit (lines 64a and 64b).

No other person can take any of the six tax benefits just listed unless he or she has a different qualifying child. If you and any other person can claim the child as a qualifying child, the following rules apply.

- If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.
- If the parents file a joint return together and can claim the child as a qualifying child, the child is treated as the qualifying child of the parents.
- If the parents do not file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived for the longer period of time in 2013. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2013.
- If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for 2013.
- If a parent can claim the child as a qualifying child but no parent does so claim the child, the child is treated as the qualifying child of the person who had the highest AGI for 2013, but only if that person's AGI is higher than the highest AGI of any parent of the child who can claim the child.

Example. Your daughter meets the conditions to be a qualifying child for both you and your mother. Your daughter does

not meet the conditions to be a qualifying child of any other person, including her other parent. Under the rules above, you can claim your daughter as a qualifying child for all of the six tax benefits listed here for which you otherwise qualify. Your mother cannot claim any of the six tax benefits listed here unless she has a different qualifying child. However, if your mother's AGI is higher than yours and you do not claim your daughter as a qualifying child, your daughter is the qualifying child of your mother.

For more details and examples, see Pub. 596.

If you will not be taking the EIC with a qualifying child, enter "No" on the dotted line next to line 64a. Otherwise, go to Step 3, question 1.

Social security number (SSN). For the EIC, a valid SSN is a number issued by the Social Security Administration unless "Not Valid for Employment" is printed on the social security card and the number was issued solely to allow the recipient of the SSN to apply for or receive a federally funded benefit. However, if "Valid for Work Only With DHS Authorization" is printed on your social security card, your SSN is valid for EIC purposes only as long as the DHS authorization is still valid.

To find out how to get an SSN, see *Social Security Number (SSN)* near the beginning of these instructions. If you will not

have an SSN by the date your return is due, see *What if You Cannot File on Time?*

Student. A student is a child who during any part of 5 calendar months of 2013 was enrolled as a full-time student at a school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

Welfare benefits, effect of credit on. Any refund you receive as a result of taking the EIC cannot be counted as income when determining if you or anyone else is eligible for benefits or assistance, or how much you or anyone else can receive, under any federal program or under any state or local program financed in whole or in part with federal funds. These programs include Temporary Assistance for Needy Families (TANF), Medicaid, Supplemental Security Income (SSI), and Supplemental Nutrition Assistance Program (food stamps). In addition, when determining eligibility, the refund cannot be counted as a resource for at least 12 months after you receive it. Check with your local benefit coordinator to find out if your refund will affect your benefits.