Will your clients qualify for the EITC?

Here's a better way to know.

Don't leave your clients' eligibility for the Earned Income Tax Credit up in the air. Make sure only clients qualified for the EITC apply. Review the new requirements for the 2004 tax year. Or be sure to avoid the common mistakes listed below when helping your EITC-qualified clients file their claims.

2004 Earned Income Tax Credit Requirements

To claim the EITC, taxpayers must meet the following rules

- Must have earned income
- Must have a valid Social Security number
- Investment income is limited to $2,650
- Filing status can't be "married filing separately"
- Generally must be a U.S. citizen or resident alien all year
- Cannot be a qualifying child of another person
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income)

Qualifying child criteria

A qualifying child cannot be used by more than one person to claim the EITC.

The child must meet the relationship, age and residency tests.

If you don't have a child:

- You must be at least age 25, but under age 65
- You cannot qualify as the dependent of another person
- You must have lived in the United States more than half the tax year

Proper income reporting

You need to have worked and have earned income less than:

- $11,490 ($12,490 if married filing jointly) if there is no qualifying child
- $30,338 ($31,338 if married filing jointly) if there is one qualifying child
- $34,458 ($35,458 if married filing jointly) if there is more than one qualifying child

Filing status

You cannot be married filing separately.

Common errors to avoid

- Taxpayers claim a child who is not a qualifying child
- Married taxpayers who should file as married filing separately instead file as single or head of household
- Income-reporting errors
- Taxpayers or qualifying children with incorrect Social Security numbers

For more information on the EITC, visit **www.eitcfortaxpreparers.com** to use the **Tax Preparer Electronic Toolkit.**
Or call **1-800-860-4259** to speak with an IRS representative.

Internal Revenue Service
www.irs.gov/eitc

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