



Department of the Treasury
Internal Revenue Service

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Earned Income Credit (EIC)

For use in preparing **2000** Returns

**ARE YOU
ELIGIBLE**

Look inside for...

- Detailed Examples
- Eligibility Requirements
- Advance EIC in Your Paycheck
- What To Do If You Were Sent Here From Your Tax Form

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Introduction – Begin Here

What is the EIC?

The earned income credit (EIC) is a tax credit for certain people who work and have earned income under \$31,152. A tax credit usually means more money in your pocket. It reduces the amount of tax you owe. The EIC may also give you a refund.

Can I Claim the EIC?

To claim the EIC, you must meet certain rules. These rules are summarized in *Table 1*.

Table 1. **Earned Income Credit in a Nutshell**

First, you must meet all the rules in this column.	Second, you must meet all the rules in <i>one</i> of these columns, whichever applies.		Third, you must meet both the rules in this column.
Chapter 1. Rules for Everyone	Chapter 2. Rules If You Have a Qualifying Child	Chapter 3. Rules If You Do Not Have a Qualifying Child	Chapter 4. Figuring and Claiming the EIC
<p>1. You must have a valid social security number that allows you to work. (See page 5.)</p> <p>2. Your filing status cannot be “Married filing separately.” (See page 6.)</p> <p>3. You must be a U.S. citizen or resident alien all year. (See page 6.)</p> <p>4. You cannot file Form 2555 or Form 2555–EZ (relating to foreign earned income). (See page 6.)</p> <p>5. Your investment income must be \$2,400 or less. (See page 6.)</p> <p>6. You must have earned income. (See page 8.)</p>	<p>7. Your child must meet the relationship, age, and residency tests. (See page 11.)</p> <p>8. Your qualifying child cannot be the qualifying child of another person with a higher modified AGI. (See page 14.)</p> <p>9. You cannot be a qualifying child of another person. (See page 17.)</p>	<p>10. You must be at least age 25 but under age 65. (See page 18.)</p> <p>11. You cannot be the dependent of another person. (See page 18.)</p> <p>12. You cannot be a qualifying child of another person. (See page 19.)</p> <p>13. You must have lived in the United States more than half of the year. (See page 19.)</p>	<p>14. Your earned income must be less than:</p> <ul style="list-style-type: none"> •\$31,152 if you have more than one qualifying child, •\$27,413 if you have one qualifying child, or •\$10,380 if you do not have a qualifying child. (See page 20.) <p>15. Your modified AGI must be less than:</p> <ul style="list-style-type: none"> •\$31,152 if you have more than one qualifying child, •\$27,413 if you have one qualifying child, or •\$10,380 if you do not have a qualifying child. (See page 22.)

Although everyone can use this publication to figure their EIC, most people can choose to follow the steps in their tax form instructions instead. Some of the worksheets in the tax form instructions are shorter and easier than the ones found in this publication. The worksheets in this publication cover more situations.



If you claim the EIC and it is later disallowed, you may have to complete an additional form if you want to claim the credit in a following year. See chapter 5 for more information.

What If I Was Sent Here From the Instructions for Form 1040 or Form 1040A?

Certain people must use this publication, instead of their form instructions, to see if they meet the rules to take the EIC and to figure the amount of the credit. You are one of those people if you were sent here from *Step 2* or *Step 3* of the form instructions. If that is the case, you have met at least the first four rules. You now have to go to either *Rule 5* or *Rule 6*. Use *Table 2*, below, to see which rule to begin with.

Table 2. Where to begin if you were sent here from the instructions for Form 1040 or Form 1040A.

IF you must use this publication because...	THEN you must meet the rules in this publication and you can...
The amount on Form 1040, line 21, includes an amount from Form 8814 (relating to a child's interest and dividends)	Begin with Rule 5 in chapter 1 (page 6). ¹
Your investment income (from Step 2 of the Form 1040 instructions) is more than \$2,400 and you are filing Form 4797 (relating to sales of business property)	Begin with Rule 5 in chapter 1 (page 6). ¹
You are filing Schedule E (Form 1040)	Begin with Rule 5 in chapter 1 (page 6). ¹
You are reporting income or a loss from the rental of personal property not used in a trade or business	Begin with Rule 5 in chapter 1 (page 6). ¹
You are claiming a loss on Form 1040, line 12, 13, or 18	Begin with Rule 6 in chapter 1 (page 8).
You (or your spouse if filing a joint return) received distributions from a pension, annuity, or IRA that are not fully taxable	Begin with Rule 6 in chapter 1 (page 8).
You owe alternative minimum tax (AMT), found on Form 1040, line 41, or included in the total found on Form 1040A, line 26	Begin with Rule 6 in chapter 1 (page 8).
¹ You do not need to read the rest of this table.	

How Do I Figure the Amount Of EIC?

If you can claim the EIC, you can either have the IRS figure the amount of your credit, or you can figure it yourself. To figure it yourself, you can complete *EIC Worksheet A* or *B* in chapter 4. Or, unless you must use this publication, you can complete a worksheet in the instructions for the form you file.

How Can I Quickly Locate Specific Information?

You can use the index to look up specific information. In most cases, index entries will point you to headings, tables, worksheets, or to text in bold face.

How Can I Get EIC In My Paycheck In the Year 2001?

You may prefer to get some of next year's EIC throughout the year, rather than wait and get EIC after you file your tax return. Chapter 6 explains advance payment of EIC and tells how, if you have a qualifying child, you may be able to get some of the EIC in your paycheck.

Important Changes

New definition of eligible foster child. For tax years after 1999, the definition of an eligible foster child has changed. The child now must be either your brother, sister, stepbrother, or stepsister; a descendant (including a child or adopted child) of your brother, sister, stepbrother, or stepsister; or a child placed with you by an authorized placement agency. The other requirements for a child to be an eligible foster child are on page 12.

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling **1-800-THE-LOST (1-800-843-5678)** if you recognize a child.

Important Reminders

Earned income credit has no effect on certain welfare benefits. Any refund you receive because of the EIC and any advance EIC payments you receive will not be used to determine whether you are eligible for the following benefit programs, or how much you can receive from these programs.

- Temporary assistance for needy families (TANF).
- Medicaid and supplemental security income (SSI).
- Food stamps.
- Low-income housing.

Reporting advance payments of EIC received in 2000. If you received advance payments of EIC in 2000, you must file Form 1040 or Form 1040A to report the payments. Your Form W-2, box 9, (as shown in *Figure 1*, on the next page) will show the amount you received. Report the amount on line 55 (Form 1040) or line 34 (Form 1040A).

Figure 1. Reporting Advance EIC

a Control number		OMB No. 1545-0048	
b Employer identification number		9 Advance EIC payment	Federal income tax withheld
c Employer's name, address, and ZIP code		5 Social security tax withheld	6 Medicare tax withheld
		7 Social security tax	8 Allocated tips
d Employee's social security number	9 Advance EIC payment	10 Dependent care benefits	
e Employee's name, address, and ZIP code		11 Nonqualified plans	12 Benefits included in box 1
		13 See instrs. for box 13	14 Other
		15 Statutory employee <input type="checkbox"/>	Deceased <input type="checkbox"/>
		Pension plan <input type="checkbox"/>	Legal rep. <input type="checkbox"/>
			Deferred compensation <input type="checkbox"/>
16 State	Employer's state I.D. no.	17 State wages, tips, etc.	18 State income tax
			19 Locality name
			20 Local wages, tips, etc.
			21 Local income tax

Form W-2 Wage and Tax Statement 2000
Department of the Treasury—Internal Revenue Service
 Copy B To Be Filed With Employee's FEDERAL Tax Return
 This information is being furnished to the Internal Revenue Service.

Spanish version of Publication 596. You can order Publicación 596SP, *Crédito por Ingreso del Trabajo*, from IRS. It is a Spanish translation of Publication 596. See *How To Get Tax Help* in the *Appendix* to find out how to order this and other IRS forms and publications.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can e-mail us while visiting our web site at www.irs.gov/help/email2.html.

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 Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

Chapter 1. Rules for Everyone



This chapter discusses Rules 1 through 6. You must meet all six rules to qualify for the earned income credit. If you do not meet all six rules, you cannot get the credit and you do not need to read the rest of the publication.

Note. If you meet all six rules in this chapter, then read either chapter 2 or chapter 3 (whichever applies) for more rules you must meet.

Rule 1.
Social Security Number
(SSN)

Rule 1 You Must Have a Valid Social Security Number (SSN)

Valid SSN. To claim the EIC, you **must** have a valid SSN for you and your spouse (if filing a joint return) and any qualifying child. (See *Rule 7* if you have a qualifying child.) A valid SSN is one that allows you to work. SSNs are issued by the Social Security Administration. Most SSNs are issued to U.S. citizens or to persons who have permission from the Immigration and Naturalization Service to work in the United States. Some SSNs are issued only for use in applying for or receiving federally funded benefits. You can claim the EIC only if you have an SSN that allows you to work. If your social security card says “Not valid for employment,” you cannot get the EIC.

U.S. citizen. If you were a U.S. citizen when you received your SSN, you have a valid SSN.

SSN missing or incorrect. If an SSN for you or your spouse is missing from your tax return or is incorrect, you may not get the EIC.

Other taxpayer identification number. You cannot get the EIC if, instead of an SSN, you (or your spouse if filing a joint return) have an individual taxpayer identification number (ITIN). ITINs are issued by the Internal Revenue Service to noncitizens who cannot get an SSN.

No SSN. If you do not have a valid SSN that allows you to work, put “No” directly to the right of line 60a (Form 1040), line 38a (Form 1040A), or to the right of the word “below” on line 8b (Form 1040EZ). You cannot claim the EIC.

Getting an SSN. If you (or your spouse if filing a joint return) do not have an SSN, you can apply for one by filing **Form SS-5** with the Social Security Administration.

Filing deadline approaching and still no SSN. If the filing deadline is approaching and you still do not have an SSN, you have two choices.

- 1) Request an automatic 4-month extension of time to file your return. You can get this extension by filing Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*. Or, you can file for an extension by phone, using tax software, or through a tax professional. Getting an extension does not give you extra time to pay any tax owed. You should pay any amount you expect to owe to avoid interest or penalty charges. For more information, see the instructions for Form 4868.
- 2) File the return on time without claiming the EIC. After receiving the SSN, file an amended return (Form 1040X), *Amended U.S. Individual Income Tax Return*, claiming the EIC. Attach a filled-in Schedule EIC, *Earned Income Credit*, if you have a qualifying child.

Rule 2.
Married Person's Filing Status

Rule 2 Your Filing Status Cannot Be “Married Filing Separately”

If you are married, you usually must file a joint return to claim the EIC. Your filing status cannot be “Married filing separately.”

Spouse did not live with you. If you are married and your spouse did not live in your home at any time during the last 6 months of the year, you may be able to file as head of household, instead of married filing separately. In that case, you may be able to claim the EIC. For detailed information about filing as head of household, see Publication 501, *Exemptions, Standard Deduction, and Filing Information*.

Rule 3.
Nonresident Alien

Rule 3 You Must Be a U.S. Citizen or Resident Alien All Year

You cannot claim the earned income credit if you are a nonresident alien for any part of the year, unless:

- 1) You are married to a U.S. citizen or a resident alien, **and**
- 2) You choose to be treated as a resident for all of 2000 by filing a joint return. If you need more information on making this choice, get Publication 519, *U.S. Tax Guide for Aliens*.

Note. If you make the choice in (2) above, you and your spouse are taxed on your worldwide income. You cannot claim any tax treaty benefits as a resident of a foreign country during a tax year in which the choice is in effect.

Rule 4.
Foreign Earned Income

Rule 4 You Cannot File Form 2555 or Form 2555–EZ

You cannot claim the earned income credit if you file Form 2555, *Foreign Earned Income*, or Form 2555–EZ, *Foreign Earned Income Exclusion*. You file these forms to exclude income earned in foreign countries from your gross income, or to deduct or exclude a foreign housing amount. U.S. possessions are not foreign countries. See Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*, for more detailed information.

Rule 5.
Investment Income

Rule 5 Your Investment Income Must Be \$2,400 or Less

You cannot claim the earned income credit unless your investment income is \$2,400 or less. If your investment income is more than \$2,400, you cannot claim the credit.

Form 1040EZ. If you file Form 1040EZ, your investment income is the total of the amounts on line 2 and any tax-exempt interest you wrote in the space to the right of the words “Form 1040EZ” on line 2 of that form.

Form 1040A. If you file Form 1040A, your investment income is the total of the amounts on lines 8a (taxable interest), 8b (tax-exempt interest), 9 (ordinary dividends), and 10 (capital gain distributions) of that form.

Form 1040. If you file Form 1040, use *Worksheet 1*, below, to figure your investment income.



Worksheet 1: Investment Income If You Are Filing Form 1040

Interest and Dividends

- | | |
|---|----------|
| 1. Enter any amount from Form 1040, line 8a. | 1. _____ |
| 2. Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b. | 2. _____ |
| 3. Enter any amount from Form 1040, line 9. | 3. _____ |
| 4. Enter the amount from Form 1040, line 21, that is from Form 8814 if you are filing that form to report your child's interest and dividend income on your return. (See instructions below for line 4 if your child received an Alaska Permanent Fund dividend.) | 4. _____ |

Capital Gain Net Income

- | | |
|---|----------|
| 5. Enter the amount from Form 1040, line 13. If the amount on that line is a loss, enter zero. | 5. _____ |
| 6. Enter any gain from Form 4797, <i>Sales of Business Property</i> , line 7, column (g). If the amount on that line is a loss, enter zero. (But, if you completed lines 8 and 9 of Form 4797, enter the amount from line 9, column (g) instead.) | 6. _____ |
| 7. Subtract line 6 of this worksheet from line 5 of this worksheet. (If the result is less than zero, enter zero.) | 7. _____ |

Royalties and Rental Income from Personal Property

- | | |
|---|-----------|
| 8. Enter any royalty income from Schedule E, line 4, plus any income from the rental of personal property shown on Form 1040, line 21. | 8. _____ |
| 9. Enter any expenses from Schedule E, line 21, related to royalty income, plus any expenses from the rental of personal property deducted on Form 1040, line 32. | 9. _____ |
| 10. Subtract the amount on line 9 of this worksheet from the amount on line 8. (If the result is less than zero, enter zero.) | 10. _____ |

Passive Activities

- | | |
|---|-----------|
| 11. Enter the total of any net income from passive activities (included on Schedule E, lines 26, 28a (col. (h)), 33a (col. (d)), and 39). (See instructions below for lines 11 and 12.) | 11. _____ |
| 12. Enter the total of any losses from passive activities (included on Schedule E, lines 26, 28b (col. (g)), 33b (col. (c)), and 39). (See instructions below for lines 11 and 12.) | 12. _____ |
| 13. Combine the amounts on lines 11 and 12 of this worksheet. (If the result is less than zero, enter zero.) | 13. _____ |
| 14. Add the amounts on lines 1, 2, 3, 4, 7, 10, and 13. Enter the total. This is your Investment Income. | 14. _____ |

Instructions for line 4. To figure the amount to enter on line 4, start with the amount on line 6 of Form 8814. Multiply that amount by a percentage that is equal to any Alaska Permanent Fund dividends divided by the total amount of interest and dividend income on line 4 of Form 8814. Subtract the result from the amount on line 6 of Form 8814.

Example. Your 10-year old child has interest and dividend income of \$4,000, including \$500 in Alaska Permanent Fund dividends. You choose to report this on your return. You enter \$4,000 on line 4 of Form 8814 and \$2,600 on line 6 of Form 8814 and line 21 of Form 1040. You figure the amount to enter on line 4 of this worksheet as follows:

$$\$2,600 - (\$2,600 \times (\$500 \div \$4,000)) = \$2,275$$

Instructions for lines 11 and 12. In figuring the amount to enter on lines 11 and 12, do not take into account any royalty income (or loss) included on line 26 of Schedule E or any amount included in your taxable earned income. To find out if the income on line 26 or line 39 of Schedule E is from a passive activity, see the Schedule E instructions. If any of the rental real estate income (or loss) included on Schedule E, line 26, is not from a passive activity, print "NPA" and the amount of that income (or loss) on the dotted line next to line 26.

Rule 6.
Earned Income**Rule 6 You Must Have Earned Income**

This credit is called the “earned income credit” because, to qualify, you must work and have earned income. If you are married and file a joint return, you meet this rule if at least one spouse works and has earned income. Earned income includes all the income you get from working — even if it is not taxable. You will figure your earned income in chapter 4 by adding your taxable and nontaxable earned income. *Worksheet 2* on page 21 will help you figure these amounts.

Taxable Earned Income

Taxable earned income includes:

- 1) Wages, salaries, and tips,
- 2) Net earnings from self-employment, and
- 3) Gross income received as a statutory employee.

Wages, salaries, and tips. Wages, salaries, and tips you receive for working are reported to you on Form W–2, box 1. You should report these on line 1 (Form 1040EZ) or line 7 (Forms 1040A and 1040).

Net earnings from self-employment. You may have net earnings from self-employment if:

- You own your business, or
- You are a minister or member of a religious order.

Statutory employee. You are a statutory employee if you receive a Form W–2 on which the “Statutory employee” box (box 15) is checked. You report your income and expenses as a statutory employee on Schedule C or C–EZ (Form 1040).

Nontaxable Earned Income

This includes anything of value (money, goods, or services) that is not taxable that you received from your employer for your work. Common types of nontaxable earned income are listed in the following paragraphs.

Salary deferrals and reductions.

- Salary deferrals. These are contributions from your pay to certain retirement plans (such as a 401(k) plan or the Federal Thrift Savings Plan). These amounts are shown in box 13 of your Form W–2. The “Deferred compensation” box (box 15) of your Form W–2 should be checked.
- Salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your Form W–2. A cafeteria plan is a benefit plan offered by your employer that allows you to choose among two or more benefits consisting of cash and benefits that are not taxed. If you choose a benefit that is not taxed (such as accident and health insurance), the amount of the salary reduction is nontaxable earned income when figuring the EIC.
- Mandatory contributions to a state or local retirement plan.

Meals and lodging.

- Military employee basic housing and subsistence allowances, the value of in-kind housing and subsistence, and combat zone compensation. These amounts are shown in box 13 of your Form W–2 with code “Q.” See Publication 3, *Armed Forces’ Tax Guide*, for detailed information.

- Meals and lodging provided for the convenience of your employer.
- Housing allowance or rental value of a parsonage for the clergy.

Excludable employer-provided benefits.

- Dependent care benefits (line 18 of Form 2441 or Schedule 2 (Form 1040A)).
- Adoption benefits (Form 8839, line 26).
- Educational assistance benefits (these may be shown in box 14 of your Form W-2).

Native Americans

If you are a Native American and received amounts for services performed as an employee that are exempt from federal income tax under the Internal Revenue Code or because of a treaty, agreement, Act of Congress, or other federal law, these amounts are nontaxable earned income when figuring the EIC. (However, any tax-exempt income you received for performing services as a self-employed individual is not earned income when figuring the EIC.)

Approved Form 4361 or Form 4029

This section is for persons who have an approved:

- Form 4361, *Application for Exemption from Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners*, or
- Form 4029, *Application for Exemption from Social Security and Medicare Taxes and Waiver of Benefits*.

Each approved form exempts certain income from social security taxes. Each form is discussed in this section in terms of what is or is not earned income for purposes of the EIC.

Form 4361. Even if you have an approved Form 4361, amounts you received for performing ministerial duties as an employee count as earned income. This includes wages, salaries, tips, and “other employee compensation.” “Other employee compensation” includes nontaxable compensation such as housing allowances or the rental value of a parsonage that you receive for services as an employee. Amounts you received for performing ministerial duties, but not as an employee, do not count as earned income. Examples include fees for performing marriages and honoraria for delivering speeches.

Form 4029. Even if you have an approved Form 4029, all wages, salaries, tips, and other employee compensation count as earned income. However, amounts you received as a self-employed individual do not count as earned income. Also, in figuring earned income, do not subtract losses on Schedule C, C-EZ, or F from wages on line 7 of Form 1040.

Disability Benefits

If you retired on disability, benefits you receive under your employer’s disability retirement plan are considered earned income until you reach minimum retirement age. Minimum retirement age generally is the earliest age at which you could have received a pension or annuity if you were not disabled. You must report your taxable disability payments on line 7 of either Form 1040 or Form 1040A until you reach minimum retirement age.

Beginning on the day after you reach minimum retirement age, payments you receive are taxable as a pension and are not considered earned income. Report taxable pension payments on Form 1040, lines 16a and 16b, or Form 1040A, lines 12a and 12b.

Disability insurance payments. Payments you received from a disability insurance policy that you paid the premiums for are not earned income. It does not matter whether you have reached minimum retirement age. If this policy is through your employer, the amount may be shown in box 13 of your Form W-2 with code “J.”

Income That Is Not Earned Income

Examples of items that are **NOT** earned income include interest and dividends, pensions and annuities, social security and railroad retirement benefits, alimony and child support, welfare benefits, workers’ compensation benefits, unemployment compensation (insurance), nontaxable foster care payments, and veterans’ benefits, including VA rehabilitation payments. Do **NOT** include any of these items in your nontaxable or taxable earned income.

Earnings while an inmate. Amounts received for work performed while an inmate in a penal institution are not earned income when figuring the earned income credit. These amounts include amounts received through a work release program or while in a halfway house.

Workfare payments. Nontaxable workfare payments are not earned income for the EIC. These are cash payments certain people receive from a state or local agency that administers public assistance programs funded under the federal Temporary Assistance for Needy Families (TANF) program in return for certain work activities such as (1) work experience activities (including remodeling or repairing public housing) if sufficient private sector employment is not available, or (2) community service program activities.

Community property. If you are married, but qualify to file as head of household under special rules for married taxpayers living apart (see *Rule 2*), and live in a state that has community property laws, your earned income for the EIC does not include any amount earned by your spouse that is treated as belonging to you under those laws. That amount is not earned income for the EIC, even though you must include it in your gross income on your income tax return. Your earned income includes the entire amount you earned, even if part of it is treated as belonging to your spouse under your state’s community property laws.

Chapter 2.

Rules If You Have a Qualifying Child



If you have met all the rules in chapter 1, use this chapter to see if you have a qualifying child. This chapter discusses Rules 7 through 9. You must meet all three of those rules, in addition to the rules in chapters 1 and 4, to qualify for the earned income credit with a qualifying child.

Note. You must file Form 1040 or Form 1040A to claim the EIC with a qualifying child. (You cannot file Form 1040EZ.) You must also complete Schedule EIC and attach it to your return. If you meet all the rules in chapter 1 and this chapter, read chapter 4 to find out what to do next.

No qualifying child. If you do not meet *Rule 7*, you do not have a qualifying child. Read chapter 3 to find out if you can get the earned income credit without a qualifying child.

Rule 7. Qualifying Child

Rule 7 Your Child Must Meet the Relationship, Age, and Residency Tests

Your child is a qualifying child if your child meets three tests. The three tests are:

- 1) Relationship,
- 2) Age, and
- 3) Residency.

The three tests are illustrated in *Figure 2* on page 12. The paragraphs that follow contain more information about each test.



Relationship Test

Your child must be either your son, daughter, adopted child, grandchild, stepchild, or eligible foster child. The following definitions clarify the relationship test.

Adopted child. Your adopted child includes a child placed with you for adoption by an authorized placement agency, even if the adoption is not final. An authorized placement agency includes any person authorized by state law to place children for legal adoption.

Grandchild. For the EIC, this means any descendant of your son, daughter, or adopted child. For example, a grandchild includes your great-grandchild, great-great-grandchild, etc.

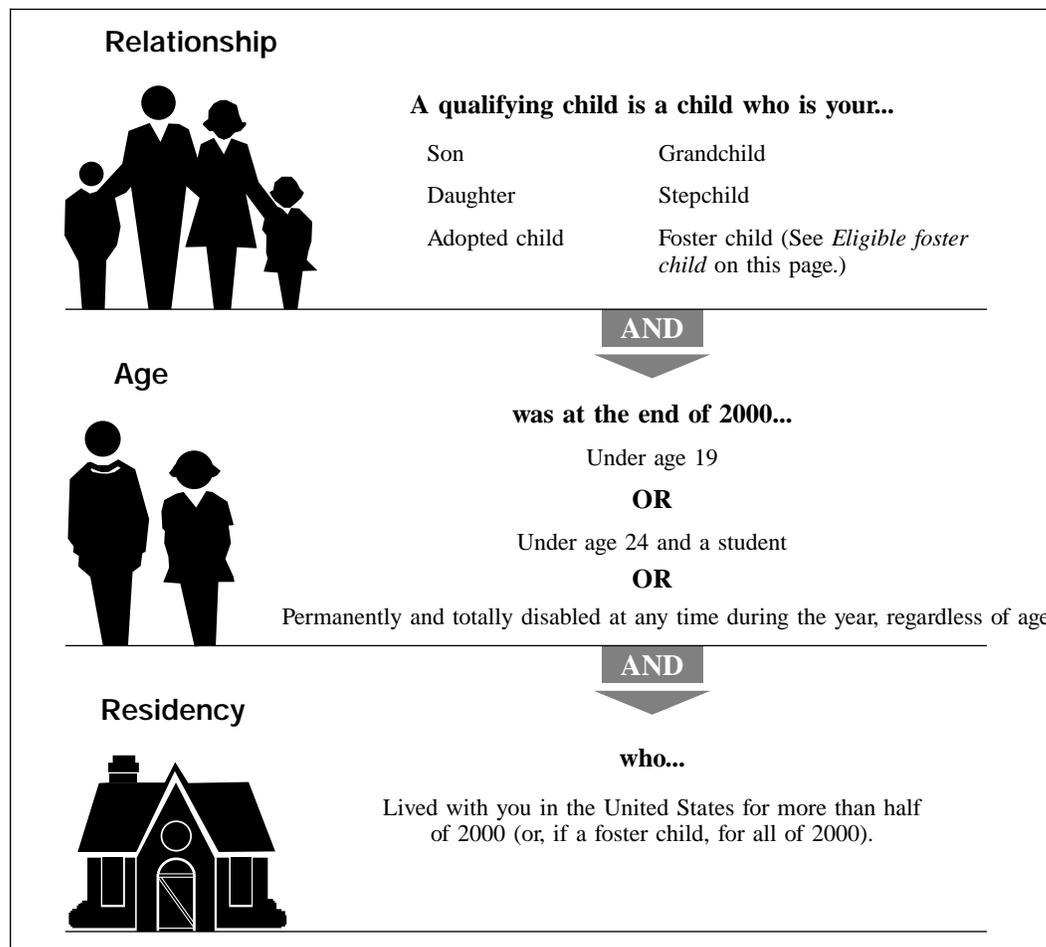
Child not a dependent. Your child does not have to be your dependent to be a qualifying child, unless he or she is married.

Married child. If your child was married at the end of the year, he or she does not meet the relationship test unless either of these two situations applies to you:

- 1) You can claim the child's exemption, or
- 2) The reason you cannot claim the child's exemption is that you gave that right to your child's other parent:
 - a) When you completed Form 8332 or a similar written statement, or
 - b) In a pre-1985 agreement (such as a separation agreement or divorce decree).



Figure 2. Tests for Qualifying Child



Eligible foster child. For the EIC, a person is your eligible foster child if all the following are true.

- 1) You cared for that child as you would your own child.
- 2) The child lived with you for the **whole** year, except for temporary absences (explained on page 14). (A child who was born or died during the year is considered to have lived with you for the whole year if your home was the child's home for the entire time he or she was alive during the year.)
- 3) The child is your brother, sister, stepbrother, or stepsister; a descendant (including a child or adopted child) of your brother, sister, stepbrother, or stepsister; or a child placed with you by an authorized placement agency. An authorized placement agency includes any person authorized by state law to place children for legal adoption.

Example.
Eligible foster child

Example. You and your sister live together. You are 30. Your sister is 15. When your parents died 2 years ago, you took over the care of your sister, but you did not adopt her. She is considered your eligible foster child because she lived with you all year and because you cared for her as you would your own child.



Age Test

Your child must be:

- 1) Under age 19 at the end of 2000,
- 2) A full-time student under age 24 at the end of 2000, or
- 3) Permanently and totally disabled at any time during 2000, regardless of age.

The following example and definitions clarify the age test.

Example. Your son turned 19 on December 10. Unless he was disabled or a full-time student, he is not a qualifying child because, at the end of the year, he was not **under** age 19.

Full-time student. A full-time student is a student who is enrolled for the number of hours or courses the school considers to be full-time attendance.

Student defined. To qualify as a student, your child must be, during some part of each of any 5 calendar months during the calendar year:

- 1) A full-time student at a school that has a regular teaching staff, course of study, and regular student body, or
- 2) A student taking a full-time, on-farm training course given by a school described in (1), or a state, county, or local government.

The 5 calendar months need not be consecutive.

School defined. A school can be an elementary school, junior or senior high school, college, university, or technical, trade, or mechanical school. However, on-the-job training courses, correspondence schools, and night schools do not count as schools for the EIC. (But, see *Night school*, later.)

Vocational high school students. Students who work in co-op jobs in private industry as a part of a school's regular course of classroom and practical training are considered full-time students.

Night school. Your child is not a full-time student if he or she attends school only at night. However, full-time attendance at a school may include some attendance at night as part of a full-time course of study.

Permanently and totally disabled. Your child is permanently and totally disabled if **both** of the following apply.

- 1) He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
- 2) A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.



Residency Test

Your child must have lived with you in the United States for more than half of 2000 (all of 2000 if an eligible foster child). The following definitions clarify the residency test.

Home. Your home can be any location where you regularly live within one of the 50 states or the District of Columbia.

Homeless shelter. You do not need a traditional home. For example, if your child lived with you for more than half the year in one or more homeless shelters, your child meets the residency test.

Military personnel stationed outside the United States. U.S. military personnel stationed outside the United States on extended active duty are considered to live in the United States during that duty period for purposes of the EIC.

Extended active duty. Extended active duty means you are called or ordered to duty for an indefinite period or for a period of more than 90 days. Once you begin serving your extended active duty, you are still considered to have been on extended active duty even if you do not serve more than 90 days.

Birth or death of child. A child who was born or died in 2000 meets the residency test if your home was the child's home the entire time he or she was alive in 2000.

Temporary absences. Count time that you or your child is away from home on a temporary absence due to a special circumstance as time lived at home. Examples of a special circumstance include:

- Illness,
- School attendance,
- Detention in a juvenile facility,
- Business,
- Vacation, and
- Military service.



Social security number.

Your qualifying child must have a valid social security number (SSN), unless the child was born and died in 2000. You cannot claim the EIC if:

- 1) Your qualifying child's SSN is missing from your tax return or is incorrect,
- 2) Your qualifying child's SSN was issued only for use in applying for or receiving federally funded benefits,
- 3) Your qualifying child's social security card says "Not valid for employment," or
- 4) Instead of an SSN, your qualifying child has:
 - a) An individual taxpayer identification number (ITIN), which is issued to a noncitizen who cannot get an SSN, or
 - b) An adoption taxpayer identification number (ATIN), which is issued to adopting parents who cannot get an SSN for the child being adopted until the adoption is final.

If you have two qualifying children and only one has a valid SSN, you can claim the EIC only for that child. For more information about SSNs, see *Rule 1*.

Rule 8.
Qualifying Child of More Than One Person

Rule 8 **Your Qualifying Child Cannot Be the Qualifying Child of Another Person With a Higher Modified AGI**

Sometimes a child meets the rules to be a qualifying child of more than one person. However, only one person can claim the EIC using that child. The paragraphs that follow will help you decide who can claim the EIC when more than one person has the same qualifying child.

Which person can claim the EIC. If you and someone else have the same qualifying child, the person with the higher modified adjusted gross income (AGI) is the only one who may be able to claim the EIC using that child. The person with the lower modified AGI cannot use that child to claim the EIC. This is true even if the person with the higher



modified AGI does not claim the EIC or meet all of the rules to claim the EIC. If the other person is your spouse and you file a joint return, this rule does not apply. If three or more persons have the same qualifying child, the person with the highest modified AGI is the only one who may be able to claim the EIC using that child.

Note. For most people modified AGI is the same as AGI (line 34, Form 1040, line 20, Form 1040A, or line 4, Form 1040EZ). Modified AGI is explained in detail in chapter 4.

If your qualifying child meets the tests to be a qualifying child of any other person for 2000 and you have the higher modified AGI, you meet this rule. If you do not have the higher modified AGI, **STOP**. You cannot claim the EIC either with or without a qualifying child. Put “No” beside line 60a (Form 1040) or line 38a (Form 1040A).

Examples. The following examples may help you in determining whether you can claim the EIC when you and someone else have the same qualifying child.

Examples:

You and your child lived with your parent

Example 1. You and your son lived with your mother all year. You are 25 years old. Your only income was \$9,300 from a part-time job. Your mother's only income was \$15,000 from her job. Your son is a qualifying child of both you and your mother because he meets the relationship, age, and residency tests for both you and your mother. However, because you both have the same qualifying child, only one of you can claim the EIC. Because your mother's modified AGI (\$15,000) is more than your modified AGI (\$9,300), only your mother may be able to claim the EIC. You cannot claim the EIC for persons either with or without a qualifying child.

Example 2. The facts are the same as in *Example 1*, but your mother had investment income of \$3,000. Your mother cannot claim the EIC because her investment income is more than \$2,400. (See *Rule 5*.) Even though your mother cannot claim the EIC, you cannot claim it either because your mother's modified AGI is more than yours.

Examples:

You and your child lived with another relative

Example 3. You and your sister shared a household for the entire year. You have three young children who lived in the household. Your sister does not have any children. However, she cares for your children as if they were her own. You earned \$15,000 and she earned \$20,000. Neither of you had any other income.

The children meet the age and residency tests for both you and your sister. They meet the relationship test for you because they are your children. They also meet the relationship test for your sister because they lived with her the whole year, she cared for them as if they were her own, and they are her sister's children. Therefore, they qualify as her eligible foster children. Your children are qualifying children of both you and your sister. However, because your sister's modified AGI is higher than yours, she is the only one who may be able to claim the EIC.

You and your sister cannot split the three qualifying children between you. You cannot claim the EIC even though your sister enters the names of only two of the children on her Schedule EIC. (Schedule EIC has spaces for the names of only two qualifying children because the EIC is the same amount for two or more qualifying children.)

Example 4. The facts are the same as in *Example 3*, except that your oldest child is 20 years old and a full-time college student. Your sister does not care for this child as if the child were her own. Only the two younger children are qualifying children of both you and your sister. Your sister is the only one who may be able to claim the EIC using these two children because her modified AGI is higher than yours. Your oldest child is a qualifying child of you, but not your sister. Only you may be able to claim the EIC using this child.

Example 5. You, your spouse, and your 10-year-old son lived together until July 15, 2000, when your spouse moved out of the household. In November 2000, you and your spouse were divorced. Your modified AGI was \$13,000. Your former spouse's modified

AGI was \$18,000. Your son is a qualifying child of both you and your former spouse because your son lived with each of you for more than half the year and because he met the relationship and age tests for both of you. However, because your former spouse's modified AGI (\$18,000) was more than your modified AGI (\$13,000), your former spouse is the only one who may be able to claim the EIC for 2000. You cannot claim the EIC for persons either with or without a qualifying child.

Example 6. You and your sister lived together all year. You have a 22-year-old son who lives with you, but is currently away from home attending college full time. Your sister has a 4-year-old daughter who lives with you and your sister. You care for your niece as you would your own child. Your earned income and modified AGI were \$12,000. Your sister's earned income and modified AGI were \$10,000.

Both children meet the age and residency tests for both you and your sister. Your son meets the age test because he is under 24 and a full-time student. He meets the residency test because he is only temporarily away from home while attending college. Your niece meets the relationship test for both you and your sister. She meets the test for you as your eligible foster child because she is your sister's child, she lived with you all year, and you cared for her as your own child. Your son meets the relationship test for you but not for your sister because she does not care for him as her own child.

Your son is the qualifying child only of you. Your niece is the qualifying child of both you and your sister. Because your modified AGI was higher than your sister's, only you can claim the EIC using your niece. You can claim the EIC for two children. Your sister cannot claim any EIC.

If your sister's modified AGI were higher than yours, she could claim the EIC using your niece, and you could claim the credit using your son. This is so even though you and your sister have the same address and share the same household.

Examples:

You and your child lived with someone not related to you

Example 7. You, your 2-year-old son, and your son's father lived together all year. You and your son's father are not married. Your modified AGI was \$18,000. Your son's father's modified AGI was \$20,000.

Your son is a qualifying child of both you and his father because he meets the relationship, age, and residency tests for both you and his father. Because the father's modified AGI was more than yours, only he may be able to claim the EIC. You cannot claim the EIC for persons either with or without a qualifying child.

Example 8. You have two sons, ages 3 and 5. In 1998, you and your sons moved in with your boyfriend. You are still living together. Your boyfriend cares for your children as he would his own. In 1999, you and your boyfriend had a baby girl. Your boyfriend's earned income and modified AGI were higher than yours in both 1999 and 2000.

1999—All three children were qualifying children for both you and your boyfriend. Your sons met the relationship test for your boyfriend as his eligible foster children because they lived with him all year, and he cared for them as his own. The law in 1999 did not impose any other requirements for them to be his eligible foster children.

Because your boyfriend had the higher modified AGI, only he could claim the EIC for 1999. He could claim the EIC using any two of the three qualifying children. You could not claim any EIC.

2000—All three children are your qualifying children. The baby is also your boyfriend's qualifying child. Your sons are not qualifying children of your boyfriend, because they do not qualify as his eligible foster children in 2000. See the definition of "eligible foster child" earlier.

Because your boyfriend has the higher modified AGI, only he can claim the EIC using the baby. You can claim the EIC using your two sons.

Rule 9.
Qualifying Child of Another Person

Rule 9 You Cannot Be a Qualifying Child of Another Person

You are a qualifying child of another person (your parent, guardian, foster parent, etc.) if all of the following statements are true.

- 1) You are that person's son, daughter, adopted child, stepchild, grandchild, or eligible foster child.
- 2) At the end of the year you were under age 19, or under age 24 and a full-time student, or any age if you were permanently and totally disabled at anytime during the year.
- 3) You lived with that person in the United States for more than half of the year (all year if you were an eligible foster child).

For more details about the tests to be a qualifying child, see *Rule 7*.

If you (or your spouse if filing a joint return) are a qualifying child of another person, you cannot claim the EIC. This is true even if the person for whom you are a qualifying child does not claim the EIC or meet all of the rules to claim the EIC. Put "No" beside line 60a (Form 1040) or line 38a (Form 1040A).

Example:
Qualifying child of another person

Example. You and your daughter lived with your mother all year. You are 22 years old and attended a trade school full time. You had a part-time job and earned \$5,700. You had no other income. Because you meet the relationship, age, and residency tests, you are a qualifying child of your mother. She can claim the EIC if she meets all the other requirements. Because you are your mother's qualifying child, you cannot claim the EIC. This is so even if your mother cannot or does not claim the EIC.

Chapter 3. Rules If You Do Not Have a Qualifying Child

A

B

C's

Use this chapter if you do not have a qualifying child and have met all the rules in chapter 1. This chapter discusses Rules 10 through 13. You must meet all four of those rules, in addition to the rules in chapters 1 and 4, to qualify for the earned income credit without a qualifying child.

Note. You can file Form 1040, Form 1040A, or Form 1040EZ to claim the EIC without a qualifying child. If you meet all the rules in chapter 1 and this chapter, read chapter 4 to find out what to do next.

Rule 10. Age

Rule 10 You Must Be at Least Age 25 but Under Age 65

You must be at least age 25 but under age 65 at the end of 2000. If you are married filing a joint return, either you or your spouse must be at least age 25 but under age 65 at the end of 2000. It does not matter which spouse meets the age test, as long as one of the spouses does.

If neither you nor your spouse meets the age test, you cannot claim the EIC. Put "No" directly to the right of line 60a (Form 1040), line 38a (Form 1040A), or to the right of the word "below" on line 8b (Form 1040EZ).

Examples: Age

Example 1. You are age 28 and unmarried. You meet the age test.

Example 2. You are married and filing a joint return. You are age 23 and your spouse is age 27. You meet the age test because your spouse is at least age 25 but under age 65.

Rule 11. Dependent of Another Person

Rule 11 You Cannot Be the Dependent of Another Person

If you are **not** filing a joint return, you meet this rule if:

- You checked box 6a on Form 1040 or 1040A, **or**
- You checked the "No" box on line 5 of Form 1040EZ.

If you are filing a joint return, you meet this rule if:

- You checked both box 6a and box 6b on Form 1040 or 1040A, **or**
- You and your spouse checked the "No" box on line 5 of Form 1040EZ.

If you are not sure whether someone else can claim you (or your spouse if filing a joint return) as a dependent, get Publication 501 and read the rules for claiming a dependent. If someone else can claim you (or your spouse if filing a joint return) as a dependent on his or her return, but does not, you still cannot claim the credit.

Examples: Dependent of another person

Example 1. In 2000, you were age 25, single, and living at home with your parents. You worked and were not a student. You earned \$7,500. Your parents cannot claim you as a dependent. When you file your return, you claim an exemption for yourself by checking the "No" box on line 5 of your Form 1040EZ. You meet this rule.

Example 2. The facts are the same as in *Example 1*, except that you earned \$2,000. Your parents can claim you as a dependent but decide not to. You do not meet this rule. You cannot claim the credit because your parents could have claimed you as a dependent.

Rule 12.
Qualifying Child of Another Person

Rule 12 You Cannot Be a Qualifying Child of Another Person

You are a qualifying child of another person (your parent, guardian, foster parent, etc.) if all of the following statements are true.

- 1) You are that person's son, daughter, adopted child, stepchild, grandchild, or eligible foster child.
- 2) At the end of the year you were under age 19, or under age 24 and a full-time student, or any age if you were permanently and totally disabled at any time during the year.
- 3) You lived with that person in the United States for more than half of the year (all year if you were an eligible foster child). For more details about the test to be a qualifying child, see *Rule 7*.

If you (or your spouse if filing a joint return) are a qualifying child of another person, you cannot claim the EIC. This is true even if the person for whom you are a qualifying child does not claim the EIC or meet all of the rules to claim the EIC. Put "No" directly to the right of line 60a (Form 1040), line 38a (Form 1040A), or to the right of the word "below" on line 8b (Form 1040EZ).

Example:
Qualifying child of another person

Example. You lived with your mother all year. You are age 26 and permanently and totally disabled. Your only income was from a community center where you went twice a week to answer telephones. You earned \$1,500 for the year. Because you meet the relationship, age, and residency tests, you are a qualifying child of your mother. She can claim the EIC if she meets all the other requirements. Because you are a qualifying child of your mother, you cannot claim the EIC. This is so even if your mother cannot or does not claim the EIC.

Rule 13.
Main Home

Rule 13 You Must Have Lived in the United States More Than Half of the Year

Your home (and your spouse's if filing a joint return) must have been in the United States for more than half the year.

If it was not, put "No" directly to the right of line 60a (Form 1040), line 38a (Form 1040A), or to the right of the word "below" on line 8b (Form 1040EZ).

Home. Your home can be any location where you regularly live within one of the 50 states or the District of Columbia.

Homeless shelter. You do not need a traditional home. If you lived in one or more homeless shelters in the United States for more than half the year, you meet this rule.

Military personnel stationed outside the United States. U.S. military personnel stationed outside the United States on extended active duty (defined on page 14) are considered to live in the United States during that duty period for purposes of the EIC.

Chapter 4. Figuring and Claiming the EIC



You must meet two more rules to be eligible to claim the EIC.

You must figure two amounts to see if you meet the rules in this chapter. You also need to know these amounts to figure the amount of your EIC.

- 1) Total earned income.
- 2) Modified adjusted gross income (AGI).

You can use the worksheets on the next few pages to figure these amounts.

Rule 14.
Earned Income Limits

Rule 14 Your Total Earned Income Must Be Less Than:

- \$31,152 if you have more than one qualifying child,
- \$27,413 if you have one qualifying child, or
- \$10,380 if you do not have a qualifying child.

Earned income is explained in *Rule 6* in chapter 1 and some examples are shown in *Table 3*, below. You figure your total earned income by adding together your taxable earned income and your nontaxable earned income. You can use *Worksheet 2* shown on the next page.

However, if you are self-employed, a statutory employee, or a church employee who files Schedule SE (Form 1040), you will not know your total earned income until you fill out Part 4 of *EIC Worksheet B* on page 29.

Church employee. In this publication, this term means an employee (other than a minister or member of a religious order) of a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

Table 3. Examples of Taxable and Nontaxable Earned Income

Taxable Earned Income	Nontaxable Earned Income
Wages and salaries	Salary deferrals and reductions
Union strike benefits	Meals and lodging provided for the convenience of your employer
Taxable long-term disability benefits received before minimum retirement age	Excludable dependent care benefits and excludable adoption benefits
Net earnings from self-employment	Excludable educational assistance benefits
Tips	Excluded combat pay
Gross income received as a statutory employee	Military basic housing and subsistence allowances.





Worksheet 2: Earned Income

Note. Do not include on this worksheet any net earnings from self-employment or any income you received as a statutory employee. Instead, enter those amounts on *EIC Worksheet B* (page 29).

Taxable Earned Income

- | | |
|---|----------|
| 1. Enter the amount from line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ). | 1. _____ |
| 2. Enter the amount of any taxable scholarship or fellowship grant not reported on a Form W-2. | 2. _____ |
| 3. Inmates. If you received any amount for work done while an inmate in a penal institution and that amount is included in the total on line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ), enter that amount. | 3. _____ |
| 4. Clergy. If you are a member of the clergy who files Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on line 7 (Form 1040), enter that amount. | 4. _____ |
| 5. Church employees. If you received wages as a church employee (as defined on page 20), enter any amount you included on both line 5a of Schedule SE and line 7 (Form 1040). | 5. _____ |
| 6. Add the amounts on lines 2, 3, 4, and 5 of this worksheet. | 6. _____ |
| 7. Subtract line 6 of this worksheet from line 1. This is your taxable earned income. | 7. _____ |

Nontaxable Earned Income

- | | |
|---|-----------|
| 8. Enter the amount of any salary deferrals and reductions. | 8. _____ |
| 9. Enter the value of any meals and lodging that were nontaxable because they were provided for the convenience of your employer. (Do not include any amount included on line 2 of Schedule SE.) | 9. _____ |
| 10. Enter the total of any other nontaxable amounts you received from your employer for work you performed. (Do not include disability insurance payments for which you paid the premiums or any item listed under <i>Income That Is Not Earned Income</i> on page 10. If you are a member of the clergy, do not include any housing allowance or the rental value of a parsonage unless it does not have to be included on line 2 of Schedule SE.) | 10. _____ |
| 11. Add the amounts on lines 8, 9, and 10 of this worksheet. This is your nontaxable earned income. Enter this amount and the type of income on the correct line for your tax return. (This is line 60b (Form 1040), line 38b (Form 1040A), or line 8b (Form 1040EZ).) | 11. _____ |

Total Earned Income

- | | |
|---|-----------|
| 12. Add the amounts on lines 7 and 11 of this worksheet. This is your total earned income. (If you fill out <i>EIC Worksheet A</i> , enter this amount on line 1 of that worksheet.) | 12. _____ |
|---|-----------|

Your total earned income must be less than:

- \$31,152 if you have more than one qualifying child,
- \$27,413 if you have one qualifying child, or
- \$10,380 if you do not have a qualifying child.

If your total earned income is too great, you cannot claim the EIC. Put “No” directly to the right of line 60a (Form 1040), line 38a (Form 1040A), or to the right of the word “below” on line 8b (Form 1040EZ). You do not need to read the rest of this publication. You can go back and finish the rest of your tax return.



Rule 15.
Modified AGI Limits**Rule 15** Your Modified AGI Must Be Less Than:

- \$31,152 if you have more than one qualifying child,
- \$27,413 if you have one qualifying child, or
- \$10,380 if you do not have a qualifying child.

Modified Adjusted Gross Income (AGI)

Modified AGI for most people is the same as AGI. AGI is the amount on line 34 (Form 1040), line 20 (Form 1040A), or line 4 (Form 1040EZ).

To find your modified AGI, you must add certain amounts to your AGI if you:

- Claim a loss on Schedule C, C–EZ, D, E, or F,
- Claim a loss from the rental of personal property not used in a trade or business,
- Received any tax-exempt interest, or
- Received certain pension, annuity, or individual retirement arrangement (IRA) distributions that were partly nontaxable.

Community property. If you are married, but qualify to file as head of household under special rules for married taxpayers living apart (see *Rule 2*), and live in a state that has community property laws, your adjusted gross income (AGI) for the EIC includes that portion of both your and your spouse's wages that you are required to include in gross income. This is different from the community property rules that apply under *Rule 6*.

Form 1040EZ. If you file Form 1040EZ, your modified AGI is the amount on line 4 of that form plus the amount of any tax-exempt interest you wrote in the space to the right of the words "Form 1040EZ" on line 2.

Form 1040A. If you file Form 1040A, your AGI is the amount on line 20 of that form. To find your modified AGI, add to your AGI any amount on line 8b of Form 1040A. Also, add the nontaxable part of any pension, annuity, or individual retirement arrangement (IRA) distribution, except any amount that is nontaxable because it was a trustee-to-trustee transfer or a rollover distribution. This is any part of the distribution that you did **not** report on lines 11b or 12b of Form 1040A (except any part that was nontaxable because you rolled it over into another account within 60 days or transferred it from one trustee to another). See Publication 590, *Individual Retirement Arrangements (IRAs)*, for more information about IRAs, and Publication 575, *Pension and Annuity Income*, for more information about pensions and annuities.

Form 1040. If you file Form 1040, your AGI is the amount on line 34 of that form. To find your modified AGI, you must add certain amounts to your AGI, including all or part of certain losses (such as 75% of certain business losses) you are claiming on your return. Use *Worksheet 3*, next, to figure your modified AGI.





Worksheet 3: Modified AGI If You Are Filing Form 1040



Enter losses as **positive amounts** (except for lines 7, 8, and 9). For example, if your AGI (Form 1040, line 34) is \$10,000 and you have a \$1,000 capital loss from the sale of stock (Form 1040, line 13), you will enter \$10,000 on line 1 of this worksheet and \$1,000 on line 3. If you do not have to enter any other amounts, your modified AGI is \$11,000 (\$10,000 + \$1,000).

1. Enter the amount from Form 1040, line 34. 1. _____
2. Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b. 2. _____
3. Enter the amount of any loss claimed on Form 1040, line 13. (If the amount on Form 1040, line 13, is a gain, enter zero.) 3. _____
4. Enter the nontaxable part of a pension, annuity, or individual retirement arrangement (IRA) distribution (any part of the distribution that you did not report on lines 15b or 16b of Form 1040), except any amount that is nontaxable because it was a trustee-to-trustee transfer or a roll-over distribution. 4. _____
5. Enter the amount of any loss claimed on Form 1040, line 12. (If the amount on Form 1040, line 12, is a gain, enter zero.) (See instructions below for line 5.) 5. _____
6. Enter the amount of any loss claimed on Form 1040, line 18. (If the amount on Form 1040, line 18, is a gain, enter zero.) 6. _____
7. Enter the amount of any rental real estate income (or loss) included on Schedule E, line 26. (See instructions below for lines 7, 8, and 9.) 7. _____
8. Enter the amount from Schedule E, line 31. (See instructions below for lines 7, 8, and 9.) 8. _____
9. Enter the amount from Schedule E, line 39. (See instructions below for lines 7, 8, and 9.) 9. _____
10. Combine the amounts on lines 7, 8, and 9. If the result is a loss, enter it here. If the result is a gain, enter zero. (See instructions below for line 10.) 10. _____
11. Add the amounts on lines 5, 6, and 10 of this worksheet. Enter the result. 11. _____
12. Multiply the amount on line 11 of this worksheet by 75% (0.75). Enter the result. 12. _____
13. Enter the amount of any loss claimed on Schedule E, line 36. 13. _____
14. Enter any income from the rental of personal property shown on Form 1040, line 21, plus any royalty income from Schedule E, line 4. 14. _____
15. Enter any expenses from the rental of personal property deducted on Form 1040, line 32, plus any expenses from Schedule E, line 21, related to royalty income. 15. _____
16. Subtract the amount on line 15 of this worksheet from the amount on line 14. If the result is a loss, enter it here. If the result is a gain, enter zero. 16. _____
17. Add the amounts on lines 1, 2, 3, 4, 12, 13, and 16 of this worksheet. Enter the total. **This is your Modified AGI.** 17. _____

Line 5 instructions. If you have a business loss on line 12 of Form 1040, enter the amount of the loss on line 5 of this worksheet. Do this even if that loss amount is the result of combining gains and losses from more than one Schedule C.

Example. You have two Schedules C. One shows a \$2,000 gain. The other shows a \$10,000 loss. You enter the net loss of \$8,000 on line 12 of Form 1040 and on line 5 of this worksheet

Line 7, 8, and 9 instructions. These lines are an exception to the rule that all amounts on the worksheet must be positive amounts. On these lines, enter any loss by enclosing it in parentheses.

Line 10 instructions. Combine the amounts on lines 7, 8, and 9 to arrive at the amount on line 10. For example, if you enter \$2,000 on line 7, \$1,000 on line 8, and a loss of (\$3,500) on line 9, enter the loss of \$500 as a positive figure on line 10. But if the result of combining lines 7, 8, and 9 is a gain, enter zero. For example, if you enter \$2,000 on line 7, \$1,000 on line 8, and a loss of (\$2,500) on line 9, enter zero on line 10.



Your modified AGI must be less than:

- \$31,152 if you have more than one qualifying child,
- \$27,413 if you have one qualifying child, or
- \$10,380 if you do not have a qualifying child.

If your modified AGI is too great, you cannot claim the EIC. You do not need to read the rest of this publication. You can go back and finish the rest of your tax return.



Special instructions for clergy, household employees, and prison inmates. Use the following special instructions if one of the following situations applies to you.

Minister or member of a religious order. If you are filing Schedule SE and line 2 of that schedule includes an amount that is also included on line 7 (Form 1040), print “Clergy” directly to the right of line 60a (Form 1040). Also show the amount included on both lines (for example, “Clergy \$800”). If you received a housing allowance or were provided housing and you were required to include the allowance or the rental value of the parsonage on Schedule SE, line 2, do not include it as nontaxable earned income on line 60b (Form 1040).

Household employee. If you were a household employee who did not receive a Form W-2 because your employer paid you less than \$1,200 in 2000, print “HSH” and the amount paid that was not reported on Form W-2 in the space on the dotted line next to line 7 (Form 1040), in the space to the left of line 7 (Form 1040A), or in the space to the right of the words “W-2 form(s)” on line 1 (Form 1040EZ). Also, be sure to include that amount in the total for line 7 of either Form 1040 or Form 1040A, or line 1 of Form 1040EZ.

Inmates. If you were an inmate in a penal institution and the total on line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ) includes an amount paid to you for work you performed while an inmate, print “PRI” and the amount paid on the dotted line next to line 7 (Form 1040), in the space to the left of line 7 (Form 1040A), or in the space to the right of the words “W-2 form(s)” on line 1 (Form 1040EZ).

How To Figure the EIC Yourself

You may be able to use an EIC worksheet in your tax package instead of *EIC Worksheet A* or *B* at the end of this chapter. If you are filing Form 1040EZ, you can use the worksheet in your tax package. If you are filing Form 1040A, you can use the worksheet in your tax package if you answered “No” to the first two questions in *Step 3* of the instructions for lines 38a and b. If you are filing Form 1040, you can use a worksheet in your tax package if you got to *Step 3* of the instructions for lines 60a and 60b and answered “No” to the first five questions in that step.

Tip:
Keep your tax return handy while you complete EIC Worksheet A or B.

How To Use EIC Worksheets A and B

Use *EIC Worksheet A* (page 28) or *EIC Worksheet B* (page 29) to figure the amount of your EIC. This section explains how to use these worksheets and how to report the EIC on your return.

EIC Worksheet A. Use *EIC Worksheet A* if you are not self-employed, a church employee who files Schedule SE, or a statutory employee filing Schedule C or C-EZ. You will need the amounts you figured in the worksheets earlier in this chapter to complete *EIC Worksheet A*.

EIC Worksheet B. Use *EIC Worksheet B* if you are self-employed, a church employee who files Schedule SE, or a statutory employee filing Schedule C or C-EZ. You will need the amounts you figured in the worksheets earlier in this chapter to complete *EIC Worksheet B*. If any of the following situations apply to you, read the paragraph and then complete *EIC Worksheet B*.

Net earnings from self-employment. If your net earnings from self-employment are \$400 or more, be sure to correctly fill out Schedule SE (Form 1040) and pay the proper amount of self-employment tax. If you do not, you may not get all the EIC you are entitled to.



When to use the optional methods of figuring net earnings. Using the optional methods on Schedule SE to figure your net earnings from self-employment may qualify you for the EIC or give you a larger credit. If your net earnings (without using the optional methods) are less than \$1,600, see Publication 533, *Self-Employment Tax*, and the instructions for Schedule SE, for details about the optional methods.

When both spouses have self-employment income. You must complete both Parts 1 and 2 of *EIC Worksheet B* if all of the following conditions apply to you.

- 1) You are married filing a joint return.
- 2) Both you and your spouse have income from self-employment.
- 3) You or your spouse files a Schedule SE and the other spouse does not file Schedule SE.

Statutory employees. Statutory employees report wages and expenses on Schedule C or C-EZ. They do not file Schedule SE. If you are a statutory employee, enter amounts from Schedule C or C-EZ in Part 3 when you complete *EIC Worksheet B*.

Special Instructions for Clergy, Household Employees, and Prison Inmates

Use the following special instructions if one of the following situations applies to you.

Minister or member of a religious order. If you are filing Schedule SE and line 2 of that schedule includes an amount that is also included on line 7 (Form 1040), print “Clergy” directly to the right of line 60a (Form 1040). Also show the amount included on both lines (for example, “Clergy \$800”). If you received a housing allowance or were provided housing and you were required to include the allowance or the rental value of the parsonage on Schedule SE, line 2, do not include it as nontaxable earned income on line 60b (Form 1040).

Household employee. If you were a household employee who did not receive a Form W-2 because your employer paid you less than \$1,200 in 2000, print “HSH” and the amount paid that was not reported on Form W-2 in the space on the dotted line next to line 7 (Form 1040), in the space to the left of line 7 (Form 1040A), or in the space to the right of the words “W-2 form(s)” on line 1 (Form 1040EZ). Also, be sure to include that amount in the total for line 7 of either Form 1040 or Form 1040A, or line 1 of Form 1040EZ.

Inmates. If you were an inmate in a penal institution and the total on line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ) includes an amount paid to you for work you performed while an inmate, print “PRI” and the amount paid on the dotted line next to line 7 (Form 1040), in the space to the left of line 7 (Form 1040A), or in the space to the right of the words “W-2 form(s)” on line 1 (Form 1040EZ).

Schedule EIC

You must complete and attach Schedule EIC to your tax return if you have a qualifying child and are claiming the EIC. Schedule EIC provides IRS with information about your qualifying children, including their names, ages, SSNs, relationship to you, and the amount of time they lived with you during the year. An example of a filled-in Schedule EIC is shown on page 38.



If you are required to complete and attach Schedule EIC but do not, it will take longer to process your return and issue your refund.



EIC Worksheet **A**—Earned Income Credit (EIC)

Keep for Your Records

Do not use this worksheet if you are self-employed or a church employee filing Schedule SE or you are filing Schedule C or C-EZ as a statutory employee. Instead, use EIC Worksheet B.

Part 1

All Filers Using Worksheet A

1. Enter your total earned income from Worksheet 2.

1	
----------	--

2. Look up the amount on line 1 above in the EIC Table in the Appendix to find the credit. Enter the credit here.

2	
----------	--

If line 2 is zero, You cannot take the credit. Put "No" on Form 1040, line 60a; Form 1040A, line 38a; or Form 1040EZ, line 8a.

3. Enter your modified adjusted gross income. (If you filled out Worksheet 3 on page 23, this is the amount on line 17 of that worksheet.)

3	
----------	--

4. Are the amounts on lines 1 and 3 the same?
- Yes.** Skip line 5; enter the amount from line 2 on line 6.
- No.** Go to line 5.

Part 2

Filers Who Answered "No" On Line 4

5. Is the amount on line 3 less than:
- \$5,800 if you do not have a qualifying child, or
 - \$12,700 if you have one or more qualifying children?
- Yes.** Leave line 5 blank; enter the amount from line 2 on line 6.

No. Look up the amount on line 3 in the EIC Table in the Appendix to find the credit. Enter the credit here. Look at the amounts on lines 2 and 5. Then, enter the **smaller** amount on line 6.

5	
----------	--

Part 3

Your Earned Income Credit

6. This is the amount from Part 1 or Part 2 above.

6	
----------	--
7. Enter the amount of alternative minimum tax from Form 1040, line 41, or included in the total on Form 1040A, line 26, if any.

7	
----------	--
8. Subtract line 7 from line 6. **This is your earned income credit.**

8	
----------	--

Reminder—

- ✓ Be sure you entered the amount and the type of any nontaxable earned income (Worksheet 2, line 11) on Form 1040, line 60b; Form 1040A, line 38b; or Form 1040EZ, line 8b.
- ✓ If you have a qualifying child, complete and attach Schedule EIC.

Enter this amount on line 60a (Form 1040); line 38a (Form 1040A); or line 8a (Form 1040EZ)



If your EIC was reduced or disallowed for any year after 1996, see chapter 5 to find out if you must file Form 8862 to take the credit for 2000.



EIC Worksheet **B**—Earned Income Credit (EIC)

Keep for Your Records

Use this worksheet if you were self-employed or you are filing Schedule SE because you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee.

TIP: You can tear this worksheet from the booklet before you begin 

- ✓ Complete the parts below (Parts 1–3) that apply to you. Then, go to Part 4.
- ✓ If you are married filing a joint return, include your spouse’s amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1 Self-Employed and People With Church Employee Income, Filing Schedule SE	1a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies.	1a	
	b. Enter any amount from Schedule SE, Section B, line 4b or line 5a.	+	1b
	c. Add lines 1a and 1b.	=	1c
	d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.	–	1d
	e. Subtract line 1d from 1c.	=	1e

Part 2 Self-Employed NOT Filing Schedule SE <small>For example, your net earnings from self-employment were less than \$400.</small>	2. Do not include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of Form 4029 or Form 4361.		
	a. Enter any net farm profit (or loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), line 15a.	2a	
	b. Enter any net profit (or loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9.	2b	
c. Combine lines 2a and 2b.	=	2c	

Part 3 Statutory Employees Filing Schedule C or C-EZ	3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that you are filing as a statutory employee.	3	
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Part 4 All Self-Employed, People With Church Employee Income, and Statutory Employees <small>If line 4d includes income on which you should have paid self-employment tax but did not, the IRS may reduce your credit by the amount of self-employment tax not paid.</small>	4a. Combine lines 1e, 2c, and 3.	4a	
	b. Enter your nontaxable earned income from Worksheet 2, line 11.	+	4b
	c. Enter your taxable earned income from Worksheet 2, line 7.	+	4c
	d. Combine lines 4a, 4b, and 4c. This is your total earned income.	=	4d
	5. If you have: <ul style="list-style-type: none"> ● 2 or more qualifying children, is line 4d less than \$31,152? ● 1 qualifying child, is line 4d less than \$27,413? ● No qualifying children, is line 4d less than \$10,380? <input type="checkbox"/> Yes. If you want the IRS to figure your credit, see page 25. If you want to figure the credit yourself, enter the amount from line 4d on line 6 (page 31). <input type="checkbox"/> No.  You cannot take the credit. Put “No” on Form 1040, line 60a; Form 1040A, line 38a; or Form 1040EZ, line 8a.		



EIC Worksheet B—Continued

Keep for Your Records

Part 5

All Filers Using Worksheet B

6. Enter your total earned income from Part 4, line 4d, of this worksheet.

6	
----------	--

7. Look up the amount on line 6 above in the EIC Table in the Appendix to find the credit. Enter the credit here.

7	
----------	--

If line 7 is zero,  You cannot take the credit. Put "No" on Form 1040, line 60a; Form 1040A, line 38a; or Form 1040EZ, line 8a.

8. Enter your modified adjusted gross income. (If you filled out Worksheet 3 on page 23, this is the amount on line 17 of that worksheet.)

8	
----------	--

9. Are the amounts on lines 8 and 6 the same?
 Yes. Skip line 10; enter the amount from line 7 on line 11.
 No. Go to line 10.

10. Is the amount on line 8 less than:
 • \$5,800 if you do not have a qualifying child, or
 • \$12,700 if you have one or more qualifying children?
 Yes. Leave line 10 blank; enter the amount from line 7 on line 11.
 No. Look up the amount on line 8 in the EIC Table in the Appendix to find the credit. Enter the credit here.

10	
-----------	--

 Look at the amounts on lines 10 and 7. Then, enter the **smaller** amount on line 11.

Part 6

Your Earned Income Credit

11. This is the amount from Part 5 above.

11	
-----------	--

12. Enter the amount of alternative minimum tax from Form 1040, line 41, or included in the total on Form 1040A, line 26, if any.

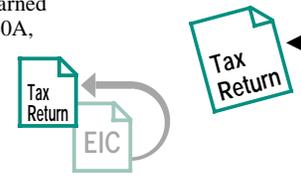
12	
-----------	--

13. Subtract line 12 from line 11. **This is your earned income credit.**

13	
-----------	--

Reminder—
 ✓ Be sure you entered the amount and the type of any nontaxable earned income (Worksheet 2, line 11) on Form 1040, line 60b; Form 1040A, line 38b; or Form 1040EZ, line 8b.
 ✓ If you have a qualifying child, complete and attach Schedule EIC.

Enter this amount on line 60a (Form 1040); line 38a (Form 1040A); or line 8a (Form 1040EZ)



If your EIC was reduced or disallowed for any year after 1996, see chapter 5 to find out if you must file Form 8862 to take the credit for 2000.

Chapter 5. Disallowance of the EIC



If your earned income credit (EIC) for any year after 1996 was denied (disallowed) or reduced by the IRS, you may need to complete an additional form to claim the credit for 2000.

This chapter is for people whose earned income credit (EIC) for any year after 1996 was denied or reduced by the IRS. If this applies to you and you want to claim the credit for 2000, you may need to complete and attach Form 8862, *Information To Claim Earned Income Credit After Disallowance*, to your 2000 return. This chapter explains when you need to attach Form 8862.

This chapter also explains the rules for certain people who cannot claim the EIC for a period of years because their EIC was denied or reduced.

Form 8862

If your EIC for any year after 1996 was denied or reduced for any reason other than a mathematical or clerical error, you must attach a completed Form 8862 to your next tax return if you wish to claim the EIC. The date on which your EIC was denied and the date on which you file your 2000 return affect whether you need to attach Form 8862 to your 2000 return or to a later return. The following examples demonstrate whether Form 8862 is required for 2000 or 2001.

Example:
Form 8862 required for
2000

Example 1. You claimed the EIC on your 1999 tax return, which you filed in March 2000. The IRS questioned the EIC, you were unable to support your claim, and, in September 2000, you received a statutory notice of deficiency telling you that an adjustment would be assessed unless you filed a petition in the Tax Court within 90 days. You did not act on this notice within 90 days. Therefore, your EIC was denied in December 2000. If you wish to claim the EIC on your 2000 return, you must complete and attach Form 8862 to your return.

Example:
Form 8862 required for
2001

Example 2. The facts are the same as in *Example 1*, except that you received the statutory notice of deficiency in February 2001. Because the 90-day period referred to in the statutory notice is not over when you are ready to file your return for 2000, you should not attach Form 8862 to your 2000 return. However, if you wish to claim the EIC for the year 2001, you must complete and attach Form 8862 to your return for that year.

Exception for mathematical or clerical errors. If your EIC was denied or reduced as a result of a mathematical or clerical error, do not attach Form 8862 to your next tax return. For example, if your arithmetic is incorrect, the IRS can correct it. If you do not provide a correct social security number, the IRS can deny the EIC. These kinds of errors are called mathematical or clerical errors.

Omission of Form 8862. If you are required to attach Form 8862 to your 2000 tax return, and you claim the EIC without attaching a completed Form 8862, your claim will be automatically denied. This is considered a mathematical or clerical error. You will not be permitted to claim the EIC without a completed Form 8862.

Additional documentation may be required. You may have to provide IRS with additional documentation before a refund relating to the EIC you claim is released to you even if you attach a properly completed Form 8862 to your return.

Are You Prohibited From Claiming the EIC for a Period of Years?

If your EIC for any year after 1996 was denied and it was determined that your error was due to reckless or intentional disregard of the EIC rules, then you cannot claim the EIC for the next 2 years. If your error was due to fraud, then you cannot claim the EIC for the next 10 years. The date on which your EIC was denied and the date on which you file your 2000 return affect the years for which you are prohibited from claiming the EIC. The following examples demonstrate which years you are prohibited from claiming the EIC.

Examples:

Cannot claim EIC for 2 years

Example 3. You claimed the EIC on your 1999 tax return, which you filed in March 2000. In October 2000, the IRS denied your claim and determined that your error was due to reckless or intentional disregard of the EIC rules. You cannot claim the EIC for tax year 2000 or 2001. If you wish to claim the EIC on your return for 2002, you must complete and attach Form 8862 to your return for 2002.

Example 4. The facts are the same as in *Example 3*, except that the IRS did not disallow your 1999 EIC until after you filed your 2000 return. You cannot claim the EIC for tax year 2001 or 2002. If you wish to claim the EIC on your return for 2003, you must complete and attach Form 8862 to your return for 2003.

Example:

Cannot claim EIC for 10 years

Example 5. You claimed the EIC on your 1999 tax return, which you filed in February 2000. In December 2000, the IRS denied your claim and determined that your error was due to fraud. You cannot claim the EIC for tax years 2000 through 2009. If you wish to claim the EIC on your return for 2010, you must complete and attach Form 8862 to your return for 2010.

Chapter 6. Advance Payment of EIC in 2001



You can receive part of your 2001 EIC in your paycheck by completing a form and giving it to your employer.

Do you expect to be eligible for the EIC this year (2001) and to have a qualifying child? If so, you can choose to get payments of the EIC in your paycheck now instead of waiting to get your EIC all at once in 2002 when you file your tax return for the year 2001. These payments are called advance EIC payments. This chapter explains how you may be able to get them this year and how to report them on your tax return.

Example:
How advance payment of EIC works

Example. In March of 2001, John and Tom worked together. Tom told John that he gets \$40 added to his paycheck each month because of the earned income credit. John would like to get an extra amount every month too. John needs to find out if he can claim the EIC in 2001. He should answer the questions in *Step 1* below and then, if he is eligible for advance EIC payments, go to *Step 2*.

Note. Chapters 1 through 5 of this publication are about the EIC you claim on your 2000 tax return. This chapter is about the EIC you **expect** to claim on your 2001 tax return.

Step 1 Find Out If You Are Eligible for Advance Payments of the EIC

Answer the following three questions to see if you are eligible for advance payments of EIC.

Note. When the question says “expect,” you do not have to know that you will be able to answer “Yes” when you file your tax return. You can only make a best guess that you will be able to answer “Yes.”

Question 1. _____

Do you expect to have a qualifying child? (See the definition of qualifying child beginning on page 11.)

- Yes.**
Go to Question 2.
- No.** 
You cannot get advance payments of EIC.

Question 2. _____

Do you expect that your earned income and modified adjusted gross income will each be less than about \$28,000?

- Yes.**
Go to Question 3.
- No.** 
You cannot get advance payments of EIC.

Tip:
See the 2001 Form W-5 for the exact amount. Earned income and modified AGI are explained on pages 8 and 22.



Tip:
 If you are a farm worker paid on a daily basis, your employer is not required to pay you advance EIC. Also, you cannot get advance EIC unless your wages are subject to federal income tax, social security tax, or Medicare tax withholding.

Question 3. _____
Do you expect to be eligible for EIC in 2001 as explained in chapters 1, 2, 3, and 4?

- Yes.**
 Go to *Step 2*.
- No.** 
 You cannot get advance payments of EIC.
- Not Sure.**
 Read the rules in chapters 1, 2, 3, and 4 and/or the instructions for Form W-5. Then answer "Yes" or "No."

Note. The rules in chapters 1, 2, 3, and 4 are expected to be the same for 2001, except that you will be allowed to have more earned income, a higher modified AGI, and possibly more investment income. The correct amounts for 2001 are in the instructions for the 2001 Form W-5.

Step 2 Complete Form W-5 and Give It to Your Employer

If you answered "Yes" to all the questions in *Step 1*, and you wish to get part of your EIC now, you must give your employer a Form W-5 for 2001.

After you have read the instructions and completed Form W-5, give the lower part of the form to your employer. Keep the top part for your records. A part of a blank Form W-5 is shown here.

2001 Form W-5 Department of the Treasury Internal Revenue Service

Instructions
Purpose 2. You expect that your 2001 earned income and modified AGI (adjusted gross income) will each be less than \$XX,XXX. Include your spouse's income if you

Give the lower part to your employer; keep the top part for your records. Detach here

Form **W-5** **Earned Income Credit Advance Payment Certificate** OMB No. 1545-1342
 Department of the Treasury Internal Revenue Service
 Print or type your full name Use the current year's certificate only. Give this certificate to your employer. This certificate expires on December 31, 2001. 2001 Your social security number

Note: If you get advance payments of the earned income credit for 2001, you must file a 2001 Federal income tax return. To get advance payments, you must have a qualifying child and your filing status must be any status except married filing a separate return.

	Yes	No
1 I expect to be able to claim the earned income credit for 2001, I do not have another Form W-5 in effect with any other current employer, and I choose to get advance EIC payments		
2 Do you expect to have a qualifying child?		
3 Are you married?		
4 If you are married, does your spouse have a Form W-5 in effect for 2001 with any employer?		

Under penalties of perjury, I declare that the information I have furnished above is, to the best of my knowledge, true, correct, and complete.

Signature _____ Date _____

Cat. No. 10227P

You may get only part of your EIC during the year in advance payments. You will get the rest of the EIC you are entitled to when you file your tax return in 2002 and claim the EIC.

Frequently Asked Questions About Form W-5

1. How do I get Form W-5? Ask your employer for the form. Or, see *How To Get Tax Help* on page 49.

2. What should I do if I have more than one employer? Give a Form W-5 to only one employer.

3. Can I give my employer a Form W-5 if my spouse has given her employer a Form W-5? Yes.

4. How often do I have to file Form W-5? The year 2001 Form W-5 you give to your employer is valid until December 31, 2001. If you expect to be eligible for EIC in 2002 and you want to receive advance payments, you must give your employer a new Form W-5 in 2002. Do this each year you expect to be eligible for the EIC.

5. What should I do if my situation changes after I give Form W-5 to my employer? Give your employer a new Form W-5 if any situation shown in the following table applies to you for 2001.

Table 4. Changes to Advance EIC Status

IF...	THEN you must give your employer a new Form W-5. To indicate your change, check...
You no longer have a qualifying child	"No" on line 2.
You are no longer eligible for the EIC	"No" on line 1.
You no longer want advance payments	"No" on line 1.
Your spouse files Form W-5 with his or her employer	"Yes" on line 4.

Step 3 How To Report Advance Payments of EIC

If you received advance payments of EIC in 2000, see *Important Reminders* on page 3 for information on reporting these payments.

If you receive advance payments of EIC in 2001, you must file a 2001 tax return (even if you would not otherwise have to file) to report the payments and claim any additional EIC. Box 9 of your Form W-2 will show the amount you received. See the instructions for Form 1040 or Form 1040A for the line number on which you report advance payments of EIC.

If you receive advance payments of EIC in 2001, and you later find out that you are not eligible for some or all of them, you still must report them on your tax return.



You cannot use Form 1040EZ to report your advance payments. You must file Form 1040 or Form 1040A.



Chapter 7. Detailed Examples



The next few pages contain four detailed examples (with a filled-in Schedule EIC and EIC Worksheets) that may be helpful if you have questions about claiming the EIC.

Example:

Cynthia and Jerry Grey have two children and are both employed.

Example 1. Cynthia and Jerry Grey

Cynthia and Jerry Grey have two children, Kirk, age 8, and Susanne, age 6. The children lived with Cynthia and Jerry for all of 2000. Cynthia earned wages of \$15,000 and Jerry had wages of \$10,000. The Greys received \$50 in interest on their savings account. They had no other income in 2000.

Cynthia and Jerry have the 2000 Form 1040A and instructions. They want to see if they qualify for the EIC, so they follow the steps for lines 38a and 38b in the instructions.

Step 1. The amount Cynthia and Jerry entered on Form 1040A, line 20, was \$25,050. They both have valid social security numbers (SSNs) that allow them to work. They will file a joint return. Neither Cynthia nor Jerry is a nonresident alien. Therefore, the answers they give to the questions in *Step 1* allow them to proceed to *Step 2*.

Step 2. The only investment income the Greys have is their \$50 interest income. That amount is not more than \$2,400, so they go to *Step 3*.

Step 3. In *Step 3* of the instructions for lines 38a and 38b, the Greys find out that they do not have to use Publication 596. However, they decide to get and use the publication because they heard that it has information they want about advance EIC. When they read Publication 596, they find that they have already met *Rules 1 - 5* and can start with *Rule 6*.

Rule 6. The Greys meet this rule because they have earned income (Cynthia's and Jerry's wages). They go to *Rule 7* in chapter 2 because they believe they have qualifying children.

Rule 7. Cynthia and Jerry meet this rule because both Kirk and Susanne meet the relationship, residency, and age tests. In addition, both children have valid SSNs.

Rule 8. The Greys meet this rule because Kirk and Susanne are not qualifying children of anyone else.

Rule 9. Cynthia and Jerry meet this rule because they themselves are not qualifying children of anyone else. They meet all the rules so far so they go to chapter 4.

Rule 14. Cynthia and Jerry complete *Worksheet 2* (not shown) and figure their total earned income to be \$25,000, the amount of their combined wages. They meet this rule.

Rule 15. Cynthia and Jerry's AGI is \$25,050 (\$25,000 + \$50), the amount on line 19a of their Form 1040A. They have no tax-exempt income or partly nontaxable pensions or annuities, so their modified AGI is also \$25,050. They meet *Rule 15*.

Completing EIC Worksheet A. Cynthia and Jerry want to figure their EIC themselves, so they complete *EIC Worksheet A* (shown here). They complete *EIC Worksheet A*, rather than *EIC Worksheet B*, because they are **not** self-employed, church employees, or filing Schedule C or C-EZ as statutory employees.



EIC Worksheet A —Earned Income Credit (EIC)		Keep for Your Records
<p>Do not use this worksheet if you are self-employed or a church employee filing Schedule SE or you are filing Schedule C or C-EZ as a statutory employee. Instead, use EIC Worksheet B.</p>		
Part 1 All Filers Using Worksheet A	1. Enter your total earned income from Worksheet 2.	1 25,000
	2. Look up the amount on line 1 above in the EIC Table in the Appendix to find the credit. Enter the credit here.	2 1,290
	<p>If line 2 is zero,  You cannot take the credit. Put "No" on Form 1040, line 60a; Form 1040A, line 38a; or Form 1040EZ, line 8a.</p>	
	3. Enter your modified adjusted gross income. (If you filled out Worksheet 3 on page 23, this is the amount on line 17 of that worksheet.)	3 25,050
<p>4. Are the amounts on lines 1 and 3 the same?</p> <p><input type="checkbox"/> Yes. Skip line 5; enter the amount from line 2 on line 6.</p> <p><input checked="" type="checkbox"/> No. Go to line 5.</p>		
Part 2 Filers Who Answered "No" On Line 4	5. Is the amount on line 3 less than:	
	<ul style="list-style-type: none"> • \$5,800 if you do not have a qualifying child, or • \$12,700 if you have one or more qualifying children? <p><input type="checkbox"/> Yes. Leave line 5 blank; enter the amount from line 2 on line 6.</p> <p><input checked="" type="checkbox"/> No. Look up the amount on line 3 in the EIC Table in the Appendix to find the credit. Enter the credit here.</p> <p><i>Look at the amounts on lines 2 and 5. Then, enter the smaller amount on line 6.</i></p>	5 1,280
Part 3 Your Earned Income Credit	6. This is the amount from Part 1 or Part 2 above.	6 1,280
	7. Enter the amount of alternative minimum tax from Form 1040, line 41, or included in the total on Form 1040A, line 26, if any.	7
	8. Subtract line 7 from line 6. This is your earned income credit.	8 1,280

- 1) Cynthia and Jerry enter their total earned income (\$25,000) on line 1.
- 2) They look up \$25,000 in the EIC Table in the *Appendix* for *Two children*. They enter the amount of \$1,290 on line 2.
- 3) They enter on line 3 their modified AGI (\$25,050) and see that it is different from the amount on line 1.
- 4) They look up \$25,050 in the EIC Table and enter the amount of \$1,280 on line 5.
- 5) They enter \$1,280 on line 6. This is the smaller of the line 2 amount (\$1,290) and the line 5 amount (\$1,280).
- 6) The Greys do not owe alternative minimum tax (line 7) so they enter their EIC of \$1,280 on line 8. They also enter that amount on line 38a of their Form 1040A. They will now complete Schedule EIC (shown here) and attach it to their return. They will keep *EIC Worksheet A* for their records.



<p>SCHEDULE EIC (Form 1040A or 1040)</p> <p>Department of the Treasury Internal Revenue Service</p> <p>Name(s) shown on return</p>	<p>Earned Income Credit Qualifying Child Information</p> <p>Complete and attach to Form 1040A or 1040 only if you have a qualifying child.</p>	<p>OMB No. 1545-0074</p> <p>2000</p> <p>Attachment Sequence No. 43</p> <p>Your social security number 333 : 00 : 5555</p>
<p>Cynthia and Jerry Grey</p>		
<p>Before you begin: See the instructions for Form 1040A, lines 38a and 38b, or Form 1040, lines 60a and 60b, to make sure that (1) you can take the EIC and (2) you have a qualifying child.</p>		
<p> • If you take the EIC even though you are not eligible, you may not be allowed to take the credit for up to 10 years. See back of schedule for details.</p> <p>• It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.</p> <p>• Be sure the child's name on line 1 and social security number (SSN) on line 2 agree with the child's social security card. Otherwise, at the time we process your return, we may reduce or disallow your EIC. If the name or SSN on the child's social security card is not correct, call the Social Security Administration at 1-800-772-1213.</p>		
<p>Qualifying Child Information</p>		
	Child 1	Child 2
<p>1 Child's name If you have more than two qualifying children, you only have to list two to get the maximum credit.</p>	<p>First name Last name</p> <p style="font-size: 1.2em;">Kirk Grey</p>	<p>First name Last name</p> <p style="font-size: 1.2em;">Susanne Grey</p>
<p>2 Child's social security number (SSN) The child must have an SSN as defined on page 43 of the Form 1040A instructions or page 43 of the Form 1040 instructions unless the child was born and died in 2000. If your child was born and died in 2000 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate.</p>	<p>123 : 00 : 5678</p>	<p>987 : 00 : 4321</p>
<p>3 Child's year of birth</p>	<p>Year <u>1 9 9 3</u></p> <p><i>If born after 1981, skip lines 4a and 4b; go to line 5.</i></p>	<p>Year <u>1 9 9 5</u></p> <p><i>If born after 1981, skip lines 4a and 4b; go to line 5.</i></p>
<p>4 If the child was born before 1982— a Was the child under age 24 at the end of 2000 and a student? b Was the child permanently and totally disabled during any part of 2000?</p>	<p><input type="checkbox"/> Yes. <input type="checkbox"/> No.</p> <p><i>Go to line 5. Continue</i></p> <p><input type="checkbox"/> Yes. <input type="checkbox"/> No.</p> <p><i>Continue The child is not a qualifying child.</i></p>	<p><input type="checkbox"/> Yes. <input type="checkbox"/> No.</p> <p><i>Go to line 5. Continue</i></p> <p><input type="checkbox"/> Yes. <input type="checkbox"/> No.</p> <p><i>Continue The child is not a qualifying child.</i></p>
<p>5 Child's relationship to you (for example, son, daughter, grandchild, foster child, etc.)</p>	<p>son</p>	<p>daughter</p>
<p>6 Number of months child lived with you in the United States during 2000</p> <p>• If the child lived with you for more than half of 2000 but less than 7 months, enter "7".</p> <p>• If the child was born or died in 2000 and your home was the child's home for the entire time he or she was alive during 2000, enter "12".</p>	<p><u>12</u> months</p> <p><i>Do not enter more than 12 months.</i></p>	<p><u>12</u> months</p> <p><i>Do not enter more than 12 months.</i></p>
<p> Do you want part of the EIC added to your take-home pay in 2001? To see if you qualify, get Form W-5 from your employer or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).</p>		
<p>For Paperwork Reduction Act Notice, see Form 1040A or 1040 instructions. Cat. No. 13339M Schedule EIC (Form 1040A or 1040) 2000</p>		

Example:

David and Judy Brown have three children, a business profit, a business loss, and nontaxable earned income.

Example 2. David and Judy Brown

David and Judy Brown have three children—Karl, age 4, and twins, Karin and Susan, age 2. David worked and earned \$17,200. He asked his employer to contribute \$1,200 of his pay to a 401(k) plan, so he will pay tax on only \$16,000 (\$17,200 – \$1,200). He received \$1,500 in unemployment compensation. David also began a consulting business. After expenses, David had a loss of \$1,000. Judy made crafts and sold them at a flea market. She had a profit of \$706. In addition, David and Judy received \$50 in interest from a savings account.

Judy completes Schedule C–EZ and reports the \$706 profit. She also completes Schedule SE and figures self-employment tax of \$100. She puts this figure on line 52 (Form 1040) and deducts \$50, one-half of her self-employment tax, on line 27 (Form 1040).

David completes Schedule C and reports his \$1,000 loss. David and Judy combine their Schedules C and C–EZ to report a loss of \$294 (\$706 – \$1,000) on line 12 of their Form 1040. David will not complete Schedule SE because he does not have any net earnings from self-employment.

David and Judy follow the steps in their Form 1040 instructions to claim the EIC. The only investment income they have is the \$50 interest from their savings account. They find out in Step 3 of the Form 1040 instructions that, because they are claiming a loss on line 12 of Form 1040, they must use Publication 596 to see if they can take the EIC. When they receive Publication 596, they read Table 2, *Where to begin if you were sent here from the instructions for Form 1040 or Form 1040A*, on page 2 and find that they can start with *Rule 6* on page 8. In *Rule 7*, they determine that all three children are qualifying children. In chapter 4, the Browns figure their nontaxable earned income to be \$1,200 (David's contribution to a 401(k) plan) and their taxable earned income to be \$16,000. They complete *Worksheet 3* (shown here) and figure their modified AGI to be \$17,427.

Worksheet 3. Modified AGI If You Are Filing Form 1040	
	<p>Enter losses as positive amounts (except for lines 7, 8, and 9). For example, if your AGI (Form 1040, line 34) is \$10,000 and you have a \$1,000 capital loss from the sale of stock (Form 1040, line 13), you will enter \$10,000 on line 1 of this worksheet and \$1,000 on line 3. If you do not have to enter any other amounts, your modified AGI is \$11,000 (\$10,000 + \$1,000).</p>
	<p>1. Enter the amount from Form 1040, line 34. 1. <u>17,206</u></p>
	<p>2. Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b. 2. _____</p>
	<p>3. Enter the amount of any loss claimed on Form 1040, line 13. (If the amount on Form 1040, line 13, is a gain, enter zero.) 3. _____</p>
	<p>4. Enter the nontaxable part of a pension, annuity, or individual retirement arrangement (IRA) distribution (any part of the distribution that you did not report on lines 15b or 16b of Form 1040) except any amount that is nontaxable because it was a trustee-to-trustee transfer or a rollover distribution. 4. _____</p>
<p>5. Enter the amount of any loss claimed on Form 1040, line 12. (If the amount on Form 1040, line 12, is a gain, enter zero.) (See instructions below for line 5.) 5. <u>294</u></p>	
<hr/>	
<p>11. Add the amounts on lines 5, 6, and 10 of this worksheet. Enter the result. 11. <u>294</u></p>	
<p>12. Multiply the amount on line 11 of this worksheet by 75% (0.75). Enter the result. 12. <u>221</u></p>	
<hr/>	
<p>17. Add the amounts on lines 1, 2, 3, 4, 12, 13, and 16 of this worksheet. Enter the total. This is your modified AGI. 17. <u>17,427</u></p>	



Completing EIC Worksheet B. Because the Browns have self-employment income and want to figure their credit themselves, they complete *EIC Worksheet B* (shown here).

Part 1. David and Judy begin *EIC Worksheet B* with Part 1 because Judy is self-employed and will file Schedule SE. They enter \$706 and \$50 from Judy's Schedule SE on lines 1a and 1d respectively. They figure line 1e to be \$656 (\$706 – \$50).

Part 2. Because David is not filing Schedule SE, the Browns enter David's \$1,000 loss on lines 2b and 2c. They skip **Part 3** because neither David nor Judy is a statutory employee.

Part 4. The Browns combine lines 1e, 2c, and 3 and enter the result on line 4a. They enter their nontaxable earned income of \$1,200 on line 4b and their taxable earned income of \$16,000 on line 4c. They figure their total earned income on line 4d to be \$16,856. Because that amount is less than \$31,152, they qualify for the credit, so they enter their total earned income on line 6.

Part 5. David and Judy look up the amount on line 6 (\$16,856) in the EIC Table for *Two children*. They enter the amount of \$3,007 on line 7. They enter their modified AGI amount (\$17,427 from *Worksheet 3*) on line 8 and see that it is different from the amount on line 6. They look up \$17,427 in the EIC Table and enter the amount of \$2,891 on line 10. They enter \$2,891 on line 11. This is the smaller of the line 7 amount (\$3,007) and the line 10 amount (\$2,891).

Part 6. The Browns do not owe AMT (line 12) so they enter their EIC of \$2,891 on line 13. They also enter that amount on line 60a of their Form 1040. They enter "\$1,200" and "401(k) contribution" on line 60b to show their nontaxable earned income. They will now complete Schedule EIC (not shown), including information for two of their three children, and attach it to their return. They will keep *EIC Worksheet B* for their records.



EICWorksheet B—Earned Income Credit (EIC)

Keep for Your Records

Use this worksheet if you were self-employed or you are filing Schedule SE because you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee.

TIP:
You can tear this worksheet from the booklet before you begin 

- ✓ Complete the parts below (Parts 1–3) that apply to you. Then, go to Part 4.
- ✓ If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1 Self-Employed and People With Church Employee Income, Filing Schedule SE	1a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies.	1a	706	
	b. Enter any amount from Schedule SE, Section B, line 4b or line 5a.	+	1b	
	c. Add lines 1a and 1b.	=	1c	706
	d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.	-	1d	50
	e. Subtract line 1d from 1c.	=	1e	656

Part 2 Self-Employed NOT Filing Schedule SE <small>For example, your net earnings from self-employment were less than \$400.</small>	2. Do not include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of Form 4029 or Form 4361.		
	a. Enter any net farm profit (or loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), line 15a.	2a	
	b. Enter any net profit (or loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9.	2b	(1,000)
c. Combine lines 2a and 2b.	=	2c	(1,000)

Part 3 Statutory Employees Filing Schedule C or C-EZ	3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that you are filing as a statutory employee.	3	
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Part 4 All Self-Employed, People With Church Employee Income, and Statutory Employees	4a. Combine lines 1e, 2c, and 3.	4a	(344)	
	b. Enter your nontaxable earned income from Worksheet 2, line 11.	+	4b	1,200
	c. Enter your taxable earned income from Worksheet 2, line 7.	+	4c	16,000
	d. Combine lines 4a, 4b, and 4c. This is your total earned income.	=	4d	16,856



EIC Worksheet B —Continued		Keep for Your Records
Part 5 All Filers Using Worksheet B	6. Enter your total earned income from Part 4, line 4d, of this worksheet.	6 <input style="width: 80px;" type="text" value="16,856"/>
	7. Look up the amount on line 6 above in the EIC Table in the Appendix to find the credit. Enter the credit here.	7 <input style="width: 80px;" type="text" value="3,007"/>
	If line 7 is zero, STOP You cannot take the credit. Put "No" on Form 1040, line 60a; Form 1040A, line 38a; or Form 1040EZ, line 8a.	
	8. Enter your modified adjusted gross income. (If you filled out Worksheet 3 on page 23, this is the amount on line 17 of that worksheet.)	8 <input style="width: 80px;" type="text" value="17,427"/>
	9. Are the amounts on lines 8 and 6 the same?	
	<input type="checkbox"/> Yes. Skip line 10; enter the amount from line 7 on line 11.	
	<input checked="" type="checkbox"/> No. Go to line 10.	
	10. Is the amount on line 8 less than:	
	<ul style="list-style-type: none"> • \$5,800 if you do not have a qualifying child, or • \$12,700 if you have one or more qualifying children? <input type="checkbox"/> Yes. Leave line 10 blank; enter the amount from line 7 on line 11.	
	<input checked="" type="checkbox"/> No. Look up the amount on line 8 in the EIC Table in the Appendix to find the credit. Enter the credit here. Look at the amounts on lines 10 and 7. Then, enter the smaller amount on line 11.	
		10 <input style="width: 80px;" type="text" value="2,891"/>
Part 6 Your Earned Income Credit	11. This is the amount from Part 5 above.	11 <input style="width: 80px;" type="text" value="2,891"/>
	12. Enter the amount of alternative minimum tax from Form 1040, line 41, or included in the total on Form 1040A, line 26, if any.	12 <input style="width: 80px;" type="text"/>
	13. Subtract line 12 from line 11. This is your earned income credit.	13 <input style="width: 80px;" type="text" value="2,891"/>

Example: Sharon Rose does not have a qualifying child, and her modified AGI is too high for her to claim the EIC.

Example 3. Sharon Rose

Sharon Rose is age 63 and retired. She received \$7,000 in social security benefits during the year and \$4,850 from a part-time job. She received pension payments of \$6,000. Only \$5,000 of those payments are taxable. Sharon had no other income. She lived alone in the United States for the entire year and cannot be claimed as a dependent on anyone else's return. She does not have any investment income and does not have a qualifying child.

Sharon reads the steps for eligibility in her Form 1040A instructions. In Step 3 she discovers that, because part of her pension is not taxable, she must use Publication 596 to find out if she can get the EIC.

To find her modified AGI, Sharon starts with her AGI of \$9,850 (\$4,850 + \$5,000), the amount on line 20 of her Form 1040A. To that amount, she adds \$1,000, the nontaxable part of her pension. The result is her modified AGI, \$10,850, which is not less than \$10,380 (the limit on modified AGI for people who do not have a qualifying child). She cannot take the EIC. She completes the rest of her Form 1040A and files it with the IRS.



Example:

Steve and Linda Green have two children, a loss from a dairy farm, and a net capital gain from selling cows.

Example 4. Steve and Linda Green

Steve and Linda Green have two children, Amy, age 8, and Carol, age 10, who lived with them all year.

Steve owns and operates a dairy farm that had a loss of \$2,000 in 2000. Steve reports this loss on Schedule F and on Form 1040, line 18. Steve qualifies and chooses to use the optional method to figure net earnings, so he uses Section B of Schedule SE. He enters \$1,600 on lines 15 and 4b of Section B of Schedule SE. Steve figures self-employment tax of \$244. He deducts one-half of it (\$122) on line 27 (Form 1040).

Linda had wages of \$15,000, which she reports on Form 1040, line 7. She also received advance EIC payments of \$1,140, which she reports on Form 1040, line 55.

Steve and Linda had a \$1,000 loss from the sale of stock and a \$5,000 gain from the sale of raised dairy cows they had held for 3 years. They report the \$5,000 gain on Form 4797, *Sales of Business Property*. They do not have any other sales to report on Form 4797, so they enter \$5,000 on line 7, column (g), of Form 4797 and on line 11, column (f), of Schedule D. (They have no prior year section 1231 losses.) They report their net capital gain of \$4,000 from Schedule D on Form 1040, line 13.

The Greens read Publication 596 to see if they can claim the EIC. They use *Worksheet 1* (shown here) to figure their investment income, which is zero. They use *Worksheet 3* (not shown) to figure their modified AGI. They start with their AGI of \$16,878 (\$15,000 + \$4,000 – \$2,000 – \$122). When they add 75% of their farm loss to their AGI, they find their modified AGI is \$18,378 (\$16,878 + \$1,500). They find that they are eligible to get the EIC. They use *EIC Worksheet B* (shown here) to figure their EIC of \$2,691. They also complete Schedule EIC (not shown) and attach it to their Form 1040.

Worksheet 1. Investment Income If You Are Filing Form 1040	
Interest and Dividends	
1. Enter any amount from Form 1040, line 8a.	1. _____
2. Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b.	2. _____
3. Enter any amount from Form 1040, line 9.	3. _____
4. Enter the amount from Form 1040, line 21, that is from Form 8814 if you are filing that form to report your child's interest and dividend income on your return. (See instructions below for line 4 if your child received an Alaska Permanent Fund dividend.)	4. _____
Capital Gain Net Income	
5. Enter the amount from Form 1040, line 13. If the amount on that line is a loss, enter zero.	5. <u>4,000</u>
6. Enter any gain from Form 4797, <i>Sales of Business Property</i> , line 7, column (g). If the amount of that line is a loss, enter zero. (But, if you completed lines 8 and 9 of Form 4797, enter the amount from line 9, column (g) instead.)	6. <u>5,000</u>
7. Subtract line 6 of this worksheet from line 5 of this worksheet. (If the result is less than zero, enter zero.)	7. <u>0</u>
14. Add the amounts on lines 1, 2, 3, 4, 7, 10, and 13. Enter the total. This is your investment income.	
	14. <u>0</u>



EIC Worksheet B—Earned Income Credit (EIC)

Keep for Your Records

Use this worksheet if you were self-employed or you are filling Schedule SE because you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee.

TIP: You can tear this worksheet from the booklet before you begin 

- ✓ Complete the parts below (Parts 1–3) that apply to you. Then, go to Part 4.
- ✓ If you are married filing a joint return, include your spouse’s amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1 Self-Employed and People With Church Employee Income, Filing Schedule SE	1a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies.	1a	
	b. Enter any amount from Schedule SE, Section B, line 4b, or line 5a.	+ 1b	1,600
	c. Add lines 1a and 1b.	= 1c	1,600
	d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.	- 1d	122
	e. Subtract line 1d from 1c.	= 1e	1,478

Part 4 All Self-Employed, People With Church Employee Income, and Statutory Employees	4a. Combine lines 1e, 2c, and 3.	4a	1,478
	b. Enter your nontaxable earned income from Worksheet 2, line 11.	+ 4b	0
	c. Enter your taxable earned income from Worksheet 2, line 7.	+ 4c	15,000
	d. Combine lines 4a, 4b, and 4c. This is your total earned income.	= 4d	16,478

EIC Worksheet B—Continued

Keep for Your Records

Part 5 All Filers Using Worksheet B	6. Enter your total earned income from Part 4, line 4d, of this worksheet.	6	16,478
	7. Look up the amount on line 6 above in the EIC Table in the Appendix to find the credit. Enter the credit here.	7	3,091
	If line 7 is zero,  You cannot take the credit. Put “No” on Form 1040, line 60a; Form 1040A, line 38a; or Form 1040EZ, line 8a.		
	8. Enter your modified adjusted gross income. (If you filled out Worksheet 3 on page 23, this is the amount on line 17 of that worksheet.)	8	18,378
	9. Are the amounts on lines 8 and 6 the same?		
	<input type="checkbox"/> Yes. Skip line 10; enter the amount from line 7 on line 11.		
	<input checked="" type="checkbox"/> No. Go to line 10.		
	10. Is the amount on line 8 less than:		
	• \$5,800 if you do not have a qualifying child, or		
	• \$12,700 if you have one or more qualifying children?		
<input type="checkbox"/> Yes. Leave line 10 blank; enter the amount from line 7 on line 11.			
<input checked="" type="checkbox"/> No. Look up the amount on line 8 in the EIC Table in the Appendix to find the credit. Enter the credit here.	10	2,691	
Look at the amounts on lines 10 and 7. Then, enter the smaller amount on line 11.			

Part 6 Your Earned Income Credit	11. This is the amount from Part 5 above.	11	2,691
	12. Enter the amount of alternative minimum tax from Form 1040, line 41, or included in the total on Form 1040A, line 26, if any.	12	
	13. Subtract line 12 from line 11. This is your earned income credit.	13	2,691



Appendix

2000 Earned Income Credit (EIC) Table



This is **not** a tax table.

1. To find your credit, read down the "At least - But less than" columns and find the line that includes the amount you were told to look up from your EIC Worksheet.

2. Then, read across to the column that includes the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet.

Example. If you have one qualifying child and the amount you are looking up from your EIC Worksheet is \$4,875, you would enter \$1,658.

If the amount you are looking up from the worksheet is—		And you have—		
At least	But less than	No children	One child	Two children
4,800	4,850	353	1,641	1,930
4,850	4,900	353	1,658	1,950
4,900	4,950	353	1,675	1,970
4,950	5,000	353	1,692	1,990

If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—								
At least	But less than	Your credit is—	No children	One child	Two children	At least	But less than	Your credit is—	No children	One child	Two children	At least	But less than	Your credit is—	No children	One child	Two children			
\$1	\$50	\$2	\$9	\$10	2,200	2,250	2,300	170	757	890	4,400	4,450	339	1,505	1,770	6,600	6,650	287	2,253	2,650
50	100	6	26	30	2,250	2,300	174	774	910	4,450	4,500	342	1,522	1,790	6,650	6,700	283	2,270	2,670	
100	150	10	43	50	2,300	2,350	178	791	930	4,500	4,550	346	1,539	1,810	6,700	6,750	280	2,287	2,690	
150	200	13	60	70	2,350	2,400	182	808	950	4,550	4,600	350	1,556	1,830	6,750	6,800	276	2,304	2,710	
200	250	17	77	90	2,400	2,450	186	825	970	4,600	4,650	353	1,573	1,850	6,800	6,850	272	2,321	2,730	
250	300	21	94	110	2,450	2,500	189	842	990	4,650	4,700	353	1,590	1,870	6,850	6,900	268	2,338	2,750	
300	350	25	111	130	2,500	2,550	193	859	1,010	4,700	4,750	353	1,607	1,890	6,900	6,950	264	2,353	2,770	
350	400	29	128	150	2,550	2,600	197	876	1,030	4,750	4,800	353	1,624	1,910	6,950	7,000	260	2,353	2,790	
400	450	33	145	170	2,600	2,650	201	893	1,050	4,800	4,850	353	1,641	1,930	7,000	7,050	257	2,353	2,810	
450	500	36	162	190	2,650	2,700	205	910	1,070	4,850	4,900	353	1,658	1,950	7,050	7,100	253	2,353	2,830	
500	550	40	179	210	2,700	2,750	208	927	1,090	4,900	4,950	353	1,675	1,970	7,100	7,150	249	2,353	2,850	
550	600	44	196	230	2,750	2,800	212	944	1,110	4,950	5,000	353	1,692	1,990	7,150	7,200	245	2,353	2,870	
600	650	48	213	250	2,800	2,850	216	961	1,130	5,000	5,050	353	1,709	2,010	7,200	7,250	241	2,353	2,890	
650	700	52	230	270	2,850	2,900	220	978	1,150	5,050	5,100	353	1,726	2,030	7,250	7,300	238	2,353	2,910	
700	750	55	247	290	2,900	2,950	224	995	1,170	5,100	5,150	353	1,743	2,050	7,300	7,350	234	2,353	2,930	
750	800	59	264	310	2,950	3,000	228	1,012	1,190	5,150	5,200	353	1,760	2,070	7,350	7,400	230	2,353	2,950	
800	850	63	281	330	3,000	3,050	231	1,029	1,210	5,200	5,250	353	1,777	2,090	7,400	7,450	226	2,353	2,970	
850	900	67	298	350	3,050	3,100	235	1,046	1,230	5,250	5,300	353	1,794	2,110	7,450	7,500	222	2,353	2,990	
900	950	71	315	370	3,100	3,150	239	1,063	1,250	5,300	5,350	353	1,811	2,130	7,500	7,550	218	2,353	3,010	
950	1,000	75	332	390	3,150	3,200	243	1,080	1,270	5,350	5,400	353	1,828	2,150	7,550	7,600	215	2,353	3,030	
1,000	1,050	78	349	410	3,200	3,250	247	1,097	1,290	5,400	5,450	353	1,845	2,170	7,600	7,650	211	2,353	3,050	
1,050	1,100	82	366	430	3,250	3,300	251	1,114	1,310	5,450	5,500	353	1,862	2,190	7,650	7,700	207	2,353	3,070	
1,100	1,150	86	383	450	3,300	3,350	254	1,131	1,330	5,500	5,550	353	1,879	2,210	7,700	7,750	203	2,353	3,090	
1,150	1,200	90	400	470	3,350	3,400	258	1,148	1,350	5,550	5,600	353	1,896	2,230	7,750	7,800	199	2,353	3,110	
1,200	1,250	94	417	490	3,400	3,450	262	1,165	1,370	5,600	5,650	353	1,913	2,250	7,800	7,850	195	2,353	3,130	
1,250	1,300	98	434	510	3,450	3,500	266	1,182	1,390	5,650	5,700	353	1,930	2,270	7,850	7,900	192	2,353	3,150	
1,300	1,350	101	451	530	3,500	3,550	270	1,199	1,410	5,700	5,750	353	1,947	2,290	7,900	7,950	188	2,353	3,170	
1,350	1,400	105	468	550	3,550	3,600	273	1,216	1,430	5,750	5,800	353	1,964	2,310	7,950	8,000	184	2,353	3,190	
1,400	1,450	109	485	570	3,600	3,650	277	1,233	1,450	5,800	5,850	348	1,981	2,330	8,000	8,050	180	2,353	3,210	
1,450	1,500	113	502	590	3,650	3,700	281	1,250	1,470	5,850	5,900	345	1,998	2,350	8,050	8,100	176	2,353	3,230	
1,500	1,550	117	519	610	3,700	3,750	285	1,267	1,490	5,900	5,950	341	2,015	2,370	8,100	8,150	173	2,353	3,250	
1,550	1,600	120	536	630	3,750	3,800	289	1,284	1,510	5,950	6,000	337	2,032	2,390	8,150	8,200	169	2,353	3,270	
1,600	1,650	124	553	650	3,800	3,850	293	1,301	1,530	6,000	6,050	333	2,049	2,410	8,200	8,250	165	2,353	3,290	
1,650	1,700	128	570	670	3,850	3,900	296	1,318	1,550	6,050	6,100	329	2,066	2,430	8,250	8,300	161	2,353	3,310	
1,700	1,750	132	587	690	3,900	3,950	300	1,335	1,570	6,100	6,150	326	2,083	2,450	8,300	8,350	157	2,353	3,330	
1,750	1,800	136	604	710	3,950	4,000	304	1,352	1,590	6,150	6,200	322	2,100	2,470	8,350	8,400	153	2,353	3,350	
1,800	1,850	140	621	730	4,000	4,050	308	1,369	1,610	6,200	6,250	318	2,117	2,490	8,400	8,450	150	2,353	3,370	
1,850	1,900	143	638	750	4,050	4,100	312	1,386	1,630	6,250	6,300	314	2,134	2,510	8,450	8,500	146	2,353	3,390	
1,900	1,950	147	655	770	4,100	4,150	316	1,403	1,650	6,300	6,350	310	2,151	2,530	8,500	8,550	142	2,353	3,410	
1,950	2,000	151	672	790	4,150	4,200	319	1,420	1,670	6,350	6,400	306	2,168	2,550	8,550	8,600	138	2,353	3,430	
2,000	2,050	155	689	810	4,200	4,250	323	1,437	1,690	6,400	6,450	303	2,185	2,570	8,600	8,650	134	2,353	3,450	
2,050	2,100	159	706	830	4,250	4,300	327	1,454	1,710	6,450	6,500	299	2,202	2,590	8,650	8,700	130	2,353	3,470	
2,100	2,150	163	723	850	4,300	4,350	331	1,471	1,730	6,500	6,550	295	2,219	2,610	8,700	8,750	127	2,353	3,490	
2,150	2,200	166	740	870	4,350	4,400	335	1,488	1,750	6,550	6,600	291	2,236	2,630	8,750	8,800	123	2,353	3,510	

(Continued)

2000 Earned Income Credit (EIC) Table *Continued* (Caution. This is not a tax table.)

If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—		
At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children
		Your credit is—					Your credit is—					Your credit is—		
8,800	8,850	119	2,353	3,530	13,850	13,900	0	2,163	3,638	16,650	16,700	0	1,716	3,049
8,850	8,900	115	2,353	3,550	13,900	13,950	0	2,155	3,628	16,700	16,750	0	1,708	3,038
8,900	8,950	111	2,353	3,570	13,950	14,000	0	2,147	3,617	16,750	16,800	0	1,700	3,028
8,950	9,000	107	2,353	3,590	14,000	14,050	0	2,139	3,607	16,800	16,850	0	1,692	3,017
9,000	9,050	104	2,353	3,610	14,050	14,100	0	2,131	3,596	16,850	16,900	0	1,684	3,007
9,050	9,100	100	2,353	3,630	14,100	14,150	0	2,123	3,586	16,900	16,950	0	1,676	2,996
9,100	9,150	96	2,353	3,650	14,150	14,200	0	2,115	3,575	16,950	17,000	0	1,668	2,986
9,150	9,200	92	2,353	3,670	14,200	14,250	0	2,108	3,565	17,000	17,050	0	1,660	2,975
9,200	9,250	88	2,353	3,690	14,250	14,300	0	2,100	3,554	17,050	17,100	0	1,652	2,965
9,250	9,300	85	2,353	3,710	14,300	14,350	0	2,092	3,544	17,100	17,150	0	1,644	2,954
9,300	9,350	81	2,353	3,730	14,350	14,400	0	2,084	3,533	17,150	17,200	0	1,636	2,943
9,350	9,400	77	2,353	3,750	14,400	14,450	0	2,076	3,523	17,200	17,250	0	1,628	2,933
9,400	9,450	73	2,353	3,770	14,450	14,500	0	2,068	3,512	17,250	17,300	0	1,620	2,922
9,450	9,500	69	2,353	3,790	14,500	14,550	0	2,060	3,502	17,300	17,350	0	1,612	2,912
9,500	9,550	65	2,353	3,810	14,550	14,600	0	2,052	3,491	17,350	17,400	0	1,604	2,901
9,550	9,600	62	2,353	3,830	14,600	14,650	0	2,044	3,480	17,400	17,450	0	1,596	2,891
9,600	9,650	58	2,353	3,850	14,650	14,700	0	2,036	3,470	17,450	17,500	0	1,588	2,880
9,650	9,700	54	2,353	3,870	14,700	14,750	0	2,028	3,459	17,500	17,550	0	1,580	2,870
9,700	9,750	50	2,353	3,888	14,750	14,800	0	2,020	3,449	17,550	17,600	0	1,572	2,859
9,750	9,800	46	2,353	3,888	14,800	14,850	0	2,012	3,438	17,600	17,650	0	1,564	2,849
9,800	9,850	42	2,353	3,888	14,850	14,900	0	2,004	3,428	17,650	17,700	0	1,556	2,838
9,850	9,900	39	2,353	3,888	14,900	14,950	0	1,996	3,417	17,700	17,750	0	1,548	2,828
9,900	9,950	35	2,353	3,888	14,950	15,000	0	1,988	3,407	17,750	17,800	0	1,540	2,817
9,950	10,000	31	2,353	3,888	15,000	15,050	0	1,980	3,396	17,800	17,850	0	1,532	2,807
10,000	10,050	27	2,353	3,888	15,050	15,100	0	1,972	3,386	17,850	17,900	0	1,524	2,796
10,050	10,100	23	2,353	3,888	15,100	15,150	0	1,964	3,375	17,900	17,950	0	1,516	2,786
10,100	10,150	20	2,353	3,888	15,150	15,200	0	1,956	3,365	17,950	18,000	0	1,508	2,775
10,150	10,200	16	2,353	3,888	15,200	15,250	0	1,948	3,354	18,000	18,050	0	1,500	2,764
10,200	10,250	12	2,353	3,888	15,250	15,300	0	1,940	3,344	18,050	18,100	0	1,492	2,754
10,250	10,300	8	2,353	3,888	15,300	15,350	0	1,932	3,333	18,100	18,150	0	1,484	2,743
10,300	10,350	4	2,353	3,888	15,350	15,400	0	1,924	3,323	18,150	18,200	0	1,476	2,733
10,350	10,400	*	2,353	3,888	15,400	15,450	0	1,916	3,312	18,200	18,250	0	1,468	2,722
10,400	12,700	0	2,353	3,888	15,450	15,500	0	1,908	3,301	18,250	18,300	0	1,460	2,712
12,700	12,750	0	2,347	3,881	15,500	15,550	0	1,900	3,291	18,300	18,350	0	1,452	2,701
12,750	12,800	0	2,339	3,870	15,550	15,600	0	1,892	3,280	18,350	18,400	0	1,444	2,691
12,800	12,850	0	2,331	3,860	15,600	15,650	0	1,884	3,270	18,400	18,450	0	1,436	2,680
12,850	12,900	0	2,323	3,849	15,650	15,700	0	1,876	3,259	18,450	18,500	0	1,428	2,670
12,900	12,950	0	2,315	3,839	15,700	15,750	0	1,868	3,249	18,500	18,550	0	1,420	2,659
12,950	13,000	0	2,307	3,828	15,750	15,800	0	1,860	3,238	18,550	18,600	0	1,412	2,649
13,000	13,050	0	2,299	3,817	15,800	15,850	0	1,852	3,228	18,600	18,650	0	1,404	2,638
13,050	13,100	0	2,291	3,807	15,850	15,900	0	1,844	3,217	18,650	18,700	0	1,396	2,628
13,100	13,150	0	2,283	3,796	15,900	15,950	0	1,836	3,207	18,700	18,750	0	1,388	2,617
13,150	13,200	0	2,275	3,786	15,950	16,000	0	1,828	3,196	18,750	18,800	0	1,380	2,606
13,200	13,250	0	2,267	3,775	16,000	16,050	0	1,820	3,186	18,800	18,850	0	1,372	2,596
13,250	13,300	0	2,259	3,765	16,050	16,100	0	1,812	3,175	18,850	18,900	0	1,364	2,585
13,300	13,350	0	2,251	3,754	16,100	16,150	0	1,804	3,165	18,900	18,950	0	1,356	2,575
13,350	13,400	0	2,243	3,744	16,150	16,200	0	1,796	3,154	18,950	19,000	0	1,348	2,564
13,400	13,450	0	2,235	3,733	16,200	16,250	0	1,788	3,144	19,000	19,050	0	1,340	2,554
13,450	13,500	0	2,227	3,723	16,250	16,300	0	1,780	3,133	19,050	19,100	0	1,332	2,543
13,500	13,550	0	2,219	3,712	16,300	16,350	0	1,772	3,122	19,100	19,150	0	1,324	2,533
13,550	13,600	0	2,211	3,702	16,350	16,400	0	1,764	3,112	19,150	19,200	0	1,316	2,522
13,600	13,650	0	2,203	3,691	16,400	16,450	0	1,756	3,101	19,200	19,250	0	1,309	2,512
13,650	13,700	0	2,195	3,681	16,450	16,500	0	1,748	3,091	19,250	19,300	0	1,301	2,501
13,700	13,750	0	2,187	3,670	16,500	16,550	0	1,740	3,080	19,300	19,350	0	1,293	2,491
13,750	13,800	0	2,179	3,659	16,550	16,600	0	1,732	3,070	19,350	19,400	0	1,285	2,480
13,800	13,850	0	2,171	3,649	16,600	16,650	0	1,724	3,059	19,400	19,450	0	1,277	2,470

*If the amount you are looking up from the worksheet is at least \$10,350 but less than \$10,380, your credit is \$1. Otherwise, you cannot take the credit. (Continued)

2000 Earned Income Credit (EIC) Table *Continued* (Caution. This is not a tax table.)

If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—			If the amount you are looking up from the worksheet is—		And you have—		
At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children
		Your credit is—					Your credit is—					Your credit is—		
22,250	22,300	0	821	1,869	24,650	24,700	0	438	1,364	27,050	27,100	0	54	859
22,300	22,350	0	813	1,859	24,700	24,750	0	430	1,353	27,100	27,150	0	46	848
22,350	22,400	0	805	1,848	24,750	24,800	0	422	1,343	27,150	27,200	0	38	837
22,400	22,450	0	797	1,838	24,800	24,850	0	414	1,332	27,200	27,250	0	30	827
22,450	22,500	0	789	1,827	24,850	24,900	0	406	1,322	27,250	27,300	0	22	816
22,500	22,550	0	781	1,817	24,900	24,950	0	398	1,311	27,300	27,350	0	14	806
22,550	22,600	0	773	1,806	24,950	25,000	0	390	1,301	27,350	27,400	0	6	795
22,600	22,650	0	765	1,796	25,000	25,050	0	382	1,290	27,400	27,450	0	**	785
22,650	22,700	0	757	1,785	25,050	25,100	0	374	1,280	27,450	27,500	0	0	774
22,700	22,750	0	749	1,775	25,100	25,150	0	366	1,269	27,500	27,550	0	0	764
22,750	22,800	0	741	1,764	25,150	25,200	0	358	1,259	27,550	27,600	0	0	753
22,800	22,850	0	733	1,754	25,200	25,250	0	350	1,248	27,600	27,650	0	0	743
22,850	22,900	0	725	1,743	25,250	25,300	0	342	1,238	27,650	27,700	0	0	732
22,900	22,950	0	717	1,733	25,300	25,350	0	334	1,227	27,700	27,750	0	0	722
22,950	23,000	0	709	1,722	25,350	25,400	0	326	1,217	27,750	27,800	0	0	711
23,000	23,050	0	701	1,711	25,400	25,450	0	318	1,206	27,800	27,850	0	0	701
23,050	23,100	0	693	1,701	25,450	25,500	0	310	1,195	27,850	27,900	0	0	690
23,100	23,150	0	685	1,690	25,500	25,550	0	302	1,185	27,900	27,950	0	0	680
23,150	23,200	0	677	1,680	25,550	25,600	0	294	1,174	27,950	28,000	0	0	669
23,200	23,250	0	669	1,669	25,600	25,650	0	286	1,164	28,000	28,050	0	0	658
23,250	23,300	0	661	1,659	25,650	25,700	0	278	1,153	28,050	28,100	0	0	648
23,300	23,350	0	653	1,648	25,700	25,750	0	270	1,143	28,100	28,150	0	0	637
23,350	23,400	0	645	1,638	25,750	25,800	0	262	1,132	28,150	28,200	0	0	627
23,400	23,450	0	637	1,627	25,800	25,850	0	254	1,122	28,200	28,250	0	0	616
23,450	23,500	0	629	1,617	25,850	25,900	0	246	1,111	28,250	28,300	0	0	606
23,500	23,550	0	621	1,606	25,900	25,950	0	238	1,101	28,300	28,350	0	0	595
23,550	23,600	0	613	1,596	25,950	26,000	0	230	1,090	28,350	28,400	0	0	585
23,600	23,650	0	605	1,585	26,000	26,050	0	222	1,080	28,400	28,450	0	0	574
23,650	23,700	0	597	1,575	26,050	26,100	0	214	1,069	28,450	28,500	0	0	564
23,700	23,750	0	589	1,564	26,100	26,150	0	206	1,059	28,500	28,550	0	0	553
23,750	23,800	0	581	1,553	26,150	26,200	0	198	1,048	28,550	28,600	0	0	543
23,800	23,850	0	573	1,543	26,200	26,250	0	190	1,038	28,600	28,650	0	0	532
23,850	23,900	0	565	1,532	26,250	26,300	0	182	1,027	28,650	28,700	0	0	522
23,900	23,950	0	557	1,522	26,300	26,350	0	174	1,016	28,700	28,750	0	0	511
23,950	24,000	0	549	1,511	26,350	26,400	0	166	1,006	28,750	28,800	0	0	500
24,000	24,050	0	541	1,501	26,400	26,450	0	158	995	28,800	28,850	0	0	490
24,050	24,100	0	533	1,490	26,450	26,500	0	150	985	28,850	28,900	0	0	479
24,100	24,150	0	525	1,480	26,500	26,550	0	142	974	28,900	28,950	0	0	469
24,150	24,200	0	517	1,469	26,550	26,600	0	134	964	28,950	29,000	0	0	458
24,200	24,250	0	510	1,459	26,600	26,650	0	126	953	29,000	29,050	0	0	448
24,250	24,300	0	502	1,448	26,650	26,700	0	118	943	29,050	29,100	0	0	437
24,300	24,350	0	494	1,438	26,700	26,750	0	110	932	29,100	29,150	0	0	427
24,350	24,400	0	486	1,427	26,750	26,800	0	102	922	29,150	29,200	0	0	416
24,400	24,450	0	478	1,417	26,800	26,850	0	94	911	29,200	29,250	0	0	406
24,450	24,500	0	470	1,406	26,850	26,900	0	86	901	29,250	29,300	0	0	395
24,500	24,550	0	462	1,396	26,900	26,950	0	78	890	29,300	29,350	0	0	385
24,550	24,600	0	454	1,385	26,950	27,000	0	70	880	29,350	29,400	0	0	374
24,600	24,650	0	446	1,374	27,000	27,050	0	62	869	29,400	29,450	0	0	364

**If the amount you are looking up from the worksheet is at least \$27,400 but less than \$27,413, your credit is \$1. Otherwise, you cannot take the credit.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:

- Call the Taxpayer Advocate at **1-877-777-4778**.
- Call the IRS at **1-800-829-1040**.
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call **1-800-829-4059** if you are a TTY/TDD user.

For more information, see Publication 1546, *The Taxpayer Advocate Service of the IRS*.

Free tax services. To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.

Personal computer. With your personal computer and modem, you can access the IRS on the Internet at **www.irs.gov**. While visiting our web site, you can select:

- *Frequently Asked Tax Questions* (located under *Taxpayer Help & Ed*) to find answers to questions you may have.
- *Forms & Pubs* to download forms and publications or search for forms and publications by topic or keyword.
- *Fill-in Forms* (located under *Forms & Pubs*) to enter information while the form is displayed and then print the completed form.
- *Tax Info For You* to view Internal Revenue Bulletins published in the last few years.
- *Tax Regs in English* to search regulations and the Internal Revenue Code (under *United States Code (USC)*).
- *Digital Dispatch* and *IRS Local News Net* (both located under *Tax Info For Business*) to receive our electronic newsletters on hot tax issues and news.
- *Small Business Corner* (located under *Tax Info For Business*) to get information on starting and operating a small business.

You can also reach us with your computer using File Transfer Protocol at **ftp.irs.gov**.

TaxFax Service. Using the phone attached to your fax machine, you can receive forms and instructions by calling **703-368-9694**. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.

Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call **1-800-829-3676** to order current and prior year forms, instructions, and publications.
- *Asking tax questions.* Call the IRS with your tax questions at **1-800-829-1040**.

- **TTY/TDD equipment.** If you have access to TTY/TDD equipment, call **1-800-829-4059** to ask tax questions or to order forms and publications.
- **TeleTax topics.** Call **1-800-829-4477** to listen to pre-recorded messages covering various tax topics.

Evaluating the quality of our telephone services. To ensure that IRS representatives give accurate, courteous, and professional answers, we evaluate the quality of our telephone services in several ways.

- A second IRS representative sometimes monitors live telephone calls. That person only evaluates the IRS assistor and does not keep a record of any taxpayer's name or tax identification number.
- We sometimes record telephone calls to evaluate IRS assistors objectively. We hold these recordings no longer than one week and use them only to measure the quality of assistance.
- We value our customers' opinions. Throughout this year, we will be surveying our customers for their opinions on our service.

Walk-in. You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Also, some libraries and IRS offices have:

- An extensive collection of products available to print from a CD-ROM or photocopy from reproducible proofs.
- The Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.

Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Find the address that applies to your part of the country.

• **Western part of U.S.:**

Western Area Distribution Center
Rancho Cordova, CA 95743-0001

• **Central part of U.S.:**

Central Area Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903

• **Eastern part of U.S. and foreign addresses:**

Eastern Area Distribution Center
P.O. Box 85074
Richmond, VA 23261-5074

CD-ROM. You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

- Current tax forms, instructions, and publications.
- Prior-year tax forms, instructions, and publications.
- Popular tax forms which may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

The CD-ROM can be purchased from National Technical Information Service (NTIS) by calling **1-877-233-6767** or on the Internet at **www.irs.gov/cdorders**. The first release is available in mid-December and the final release is available in late January.

IRS Publication 3207, *The Business Resource Guide*, is an interactive CD-ROM that contains information important to small businesses. It is available in mid-February. You can get one free copy by calling **1-800-829-3676**.

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EIC Eligibility Checklist

<i>You may claim the EIC if you answer YES to all the following questions.*</i>		YES	NO
1.	Do you, your spouse, and your qualifying child each have a valid SSN that allows you to work? (See <i>Rule 1</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
2.	Is your filing status married filing jointly, head of household, qualifying widow(er), or single? (See <i>Rule 2</i> .) Caution: If you are a nonresident alien, answer YES only if your filing status is married filing jointly and you are married to a U.S. citizen or resident alien. (See <i>Rule 3</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
3.	Answer YES if you are not filing Form 2555 or Form 2555–EZ. Otherwise, answer NO . (See <i>Rule 4</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
4.	Is your investment income \$2,400 or less? (See <i>Rule 5</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
5.	Is your total earned income at least \$1 but less than: • \$10,380 if you do not have a qualifying child, • \$27,413 if you have one qualifying child, or • \$31,152 if you have more than one qualifying child? (See <i>Rules 6</i> and <i>14</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
6.	Is your modified AGI less than: • \$10,380 if you do not have a qualifying child, • \$27,413 if you have one qualifying child, or • \$31,152 if you have more than one qualifying child? (See <i>Rule 15</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
7.	Answer YES if you (and your spouse if filing a joint return) are not a qualifying child of another person. Otherwise, answer NO . (See <i>Rules 9</i> and <i>12</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
	STOP: If you have a qualifying child, answer questions 8 and 9 and skip 10–12. If you do not have a qualifying child, skip questions 8 and 9 and answer 10–12.*		
8.	Does your child meet the age, residency, and relationship tests for a qualifying child? (See <i>Rule 7</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
9.	Is your child a qualifying child only for you? Answer YES if your qualifying child is also a qualifying child for another person but your modified AGI is higher than the other person's. (See <i>Rule 8</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
10.	Was your main home (and your spouse's if filing a joint return) in the United States for more than half the year? (See <i>Rule 13</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
11.	Were you (or your spouse if filing a joint return) at least age 25 but under age 65 at the end of 2000? (See <i>Rule 10</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
12.	Answer YES if you (and your spouse if filing a joint return) cannot be claimed as a dependent on anyone else's return. Answer NO if you (or your spouse if filing a joint return) can be claimed as a dependent on someone else's return. (See <i>Rule 11</i> .)	<input type="checkbox"/>	<input type="checkbox"/>
<p>*PERSONS WITH A QUALIFYING CHILD: If you answered YES to questions 1 through 9, you can claim the EIC. Remember to fill out Schedule EIC and attach it to your Form 1040 or Form 1040A. You cannot use Form 1040EZ.</p> <p>PERSONS WITHOUT A QUALIFYING CHILD: If you answered YES to questions 1 through 7, and 10 through 12, you can claim the EIC.</p> <p>If you answered NO to any question that applies to you: You cannot claim the EIC.</p>			