

Volunteer Assistors' Tax Year 2002 Earned Income Tax Credit Eligibility Determination

Department of the Treasury
Internal Revenue Service

▶ Give this document to clients for recordkeeping—Do not send it to IRS.

Client's Name

Spouse (if applicable)

Volunteer tax assistants should use this form to determine if their clients are eligible for the earned income tax credit (EITC) for tax year 2002 returns. This form should not be used when servicing clients who wish to claim the EITC after an EITC claim was denied or reduced for a previous tax year, unless the change was due to a math error. **Publication 596**, Earned Income Credit, and **Publication 17**, Your Federal Income Tax, should be used with this form.

For the definitions of the following terms, see Publication 596 for the year for which you are completing this form.

- Investment Income
- Qualifying Child
- Valid SSN
- Earned Income
- Nontaxable Earned Income

Part 1 Rules for All Clients—See Rules 1 through 6 in Publication 596 for specific guidance.

1 Did the client (or spouse, if married) work and have earned income during tax year 2002? Yes No

Rule 6: You must have earned income

STOP: If you checked "Yes," continue. If you checked "No," your client cannot claim the EITC.

2 Is the client's filing status married filing separately? Yes No

Rule 2: Filing status

STOP: If you checked "Yes," your client cannot claim the EITC. If you checked "No," continue.

3 Does the client (and spouse, if filing jointly) have a social security number (SSN) that allows him or her to work? **Caution:** Check "Yes" if the client's social security card says "NOT VALID FOR EMPLOYMENT" and he or she obtained the SSN for a reason other than to get a federally funded benefit such as medicaid Yes No

Rule 1: Valid SSNs

STOP: If you checked "No," your client cannot claim the EITC. If you checked "Yes," continue.

4 Is the client's (and spouse, if filing jointly) investment income more than \$2,550? (Complete/review the investment income worksheet.) Yes No

Rule 5: Investment income limitation

STOP: If you checked "Yes," your client cannot claim the EITC. If you checked "No," continue.

5 Is the client (or spouse, if married) a nonresident alien? **Caution:** Check "No" if the client is married filing a joint return, even if one spouse is a nonresident alien Yes No

Rule 3: Nonresident aliens

STOP: If you checked "Yes" and your client is either unmarried or married but not filing a joint return, he or she cannot claim the EITC. If you checked "No," continue.

6 Is the client filing Form 2555 or Form 2555-EZ Yes No

Rule 4: Foreign earned income

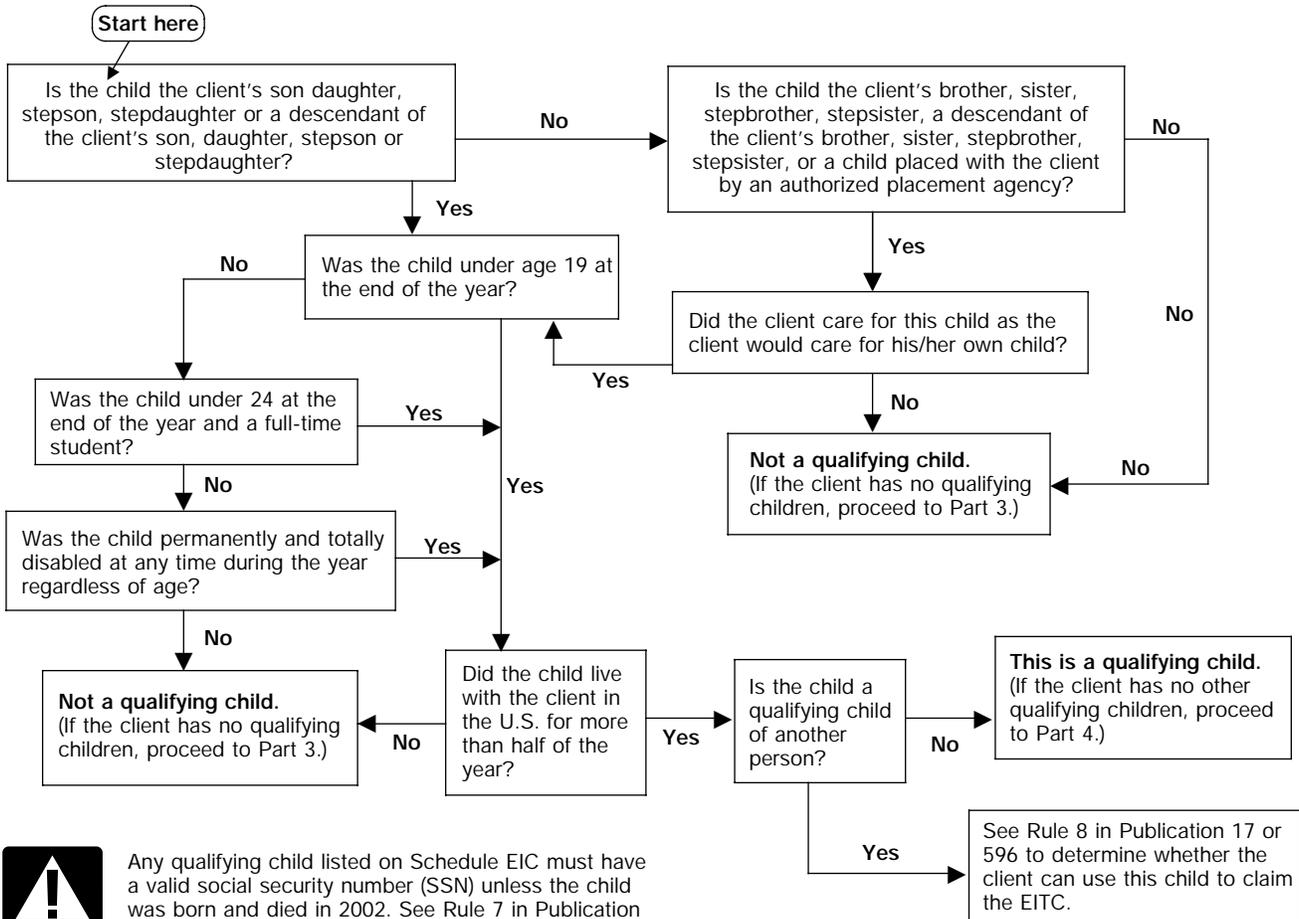
STOP: If you checked "Yes," your client cannot claim the EITC. If you checked "No," continue.

7 Does the client (or spouse, if filing jointly) meet the requirements to be the qualifying child of another person? **Caution:** Check "Yes" if the client meets the relationship, age, and residency test with respect to another person, such as the client's parent, even though the other person will not be claiming the EITC on the basis of the client. (See Part 2.) Yes No

Rule 9: Qualifying child of another person

STOP: If you checked "Yes," your client cannot claim any EITC. If you checked "No," proceed to Part 2 or 3.

Part 2 Test for Qualifying Children—See Rules 7 through 9 in Publication 596



Any qualifying child listed on Schedule EIC must have a valid social security number (SSN) unless the child was born and died in 2002. See Rule 7 in Publication 17 or 596 for additional details.

See Rule 8 in Publication 17 or 596 to determine whether the client can use this child to claim the EITC.

Part 3 Clients without Qualifying Children—See Rules 10 through 13 in Publication 596

- 8 Can the client (or spouse, if filing jointly) be claimed as a dependent by another person? Yes No
Rule 11: Dependent of another person
STOP: If you checked "Yes," your client cannot claim the EITC. If you checked "No," continue.

- 9 Was the client (or spouse, if filing jointly) at least age 25 but under age 65 on December 31, 2002? Yes No
Rule 10 and Rule 12: Age and Qualifying Child of Another Person
STOP: If you checked "No," your client cannot claim the EITC. If you checked "Yes," continue.

- 10 Did the client (and spouse, if filing jointly) live in the United States for more than half of the tax year? Yes No
Rule 13: Residency
STOP: If you checked "No," your client cannot claim the EITC. If you checked "Yes," proceed to Part 4.

Part 4 Earned Income Limits and Figuring the Credit

- 11 Form 1040 Filers complete the worksheets on pages 3 and 5.
- 12 Form 1040A Filers complete the worksheets on pages 3 and 4.
- 13 Form 1040EZ Filers complete both worksheets on page 6.

Form 1040 Worksheet for Computing Earned Income (Line 64)

1. Was your client self-employed, or filing Schedule SE because he/she was a member of the clergy or had church employee income, or filing Schedule C or C-EZ as a statutory employee?

- Yes.** Go to page 45 of the instructions for Form 1040.
- No.** Continue

2. Figure earned income:

Form 1040, line 7 _____

Subtract, if included on line 7, any:

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

Earned Income =

3. If your client has:

- 2 or more qualifying children, is your client's earned income less than \$33,178 (\$34,178 if married filing jointly)?
- 1 qualifying child, is your client's earned income less than \$29,201 (\$30,201 if married filing jointly)?
- No qualifying children, is your client's earned income less than \$11,060 (\$12,060 if married filing jointly)?

- Yes.** Go to page 5.
- No.** Client cannot take the credit.

Form 1040A Worksheet for Computing Earned Income (Line 41)

1. Figure earned income:

Form 1040A, line 7 _____

Subtract, if included on line 7, any:

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

Earned Income =

2. If your client has:

- 2 or more qualifying children, is your client's earned income less than \$33,178 (\$34,178 if married filing jointly)?
- 1 qualifying child, is your client's earned income less than \$29,201 (\$30,201 if married filing jointly)?
- No qualifying children, is your client's earned income less than \$11,060 (\$12,060 if married filing jointly)?

- Yes.** Go to Page 4.
- No.** Client cannot take the credit.

Notes/Comments

Form 1040A

Earned Income Credit (EIC) Worksheet—Line 41

Keep for Your Records



Part 1

All Filers

1. Enter earned income from page 3.

1	
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2. Look up the amount on line 1 above in the EIC Table to find the credit. Be sure you use the correct column for the client's filing status and the number of children. Enter the credit here.

2	
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If line 2 is zero, Client cannot take the credit. Put "No" to the left of the entry space for line 41.

3. Enter the amount from Form 1040A, line 22.

3	
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4. Are the amounts on lines 3 and 1 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. If your client has:

- No qualifying children, is the amount on line 3 less than \$6,150 (\$7,150 if married filing jointly)?
 - 1 or more qualifying children, is the amount on line 3 less than \$13,550 (\$14,550 if married filing jointly)?
- 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 to find the credit. Be sure you use the correct column for your client's filing status and the number of children. Enter the credit here.

Look at the amounts on lines 5 and 2. Then, enter the **smaller** amount on line 6.

5	
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Part 3

Earned Income Credit Amount

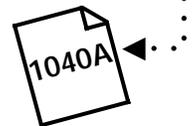
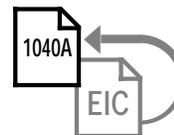
6. **This is the earned income credit.**

6	
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Enter this amount on Form 1040A, line 41.

Reminder—

✓ If your client has a qualifying child, complete and attach Schedule EIC.



If your client's EIC for a year after 1996 was reduced or disallowed, determine if he/she must file Form 8862 to take the credit for 2002.

Before you begin: ✓ Be sure you are using the correct worksheet. **Do not** use this worksheet if your client was self-employed, or is filing Schedule SE because he/she was a member of the clergy or had church employee income, or is filing Schedule C or C-EZ as a statutory employee. Instead, use Worksheet B in the instructions for Form 1040.



Part 1

All Filers Using Worksheet A

1. Enter earned income from page 3.

1	
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2. Look up the amount on line 1 above in the EIC Table to find the credit. Be sure to use the correct column for the client's filing status and the number of children. Enter the credit here.

2	
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If line 2 is zero, Client cannot take the credit. Put "No" on the dotted line next to line 64.

3. Enter the amount from Form 1040, line 36.

3	
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4. Are the amounts on lines 3 and 1 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. If your client has:

- No qualifying children, is the amount on line 3 less than \$6,150 (\$7,150 if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than \$13,550 (\$14,550 if married filing jointly)?

- 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 to find the credit. Be sure you use the correct column for your filing status and number of children. Enter the credit here.

5	
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Look at the amounts on lines 5 and 2. Then, enter the **smaller** amount on line 6.

Part 3

Earned Income Credit Amount

6. **This is the earned income credit.**

6	
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Enter this amount on Form 1040, line 64.

Reminder—

✓ If your client has a qualifying child, complete and attach Schedule EIC.



If your client's EIC for a year after 1996 was reduced or disallowed, determine if he/she must file Form 8862 to take the credit for 2002.

Form 1040EZ Worksheet for Computing Earned Income

1. Figure earned income:

Form 1040EZ, line 1 _____

Subtract, if included on line 1, any:

- Taxable scholarship or fellowship grant not reported on a W-2 form
- Amount paid to an inmate in a penal institution for work (enter "PRI" in the space to the left of line 1 on Form 1040EZ)
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and the amount subtracted in the space to the left of

(continued)

line 1 on Form 1040EZ). This amount may be shown in box 11 of your W-2 form. If such an amount was received but box 11 is blank, contact the employer for the amount received as a pension or annuity.

Earned Income =

2. Is your earned income less than \$11,060 (\$12,060 if married filing jointly)?

Yes. *Continue.*

No.

Client cannot take the credit.

Form 1040EZ Worksheet for Computing Earned Income (Line 8)

Part 1

All Filers

1. Enter your client's earned income from above. **1**

2. Look up the amount on line 1 above in the EIC Table to find the credit. Be sure you use the correct column for your client's filing status. Enter the credit here. **2**

If line 2 is zero, Client cannot take the credit. Enter "No" in the space to the left of line 8.

3. Enter the amount from Form 1040EZ, line 4. **3**

4. Are the amounts on lines 3 and 1 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 \$6,150 (\$7,150 if married filing jointly)?
 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 to find the credit. Be sure to use the correct column for your client's filing status. Enter the credit here. **5**
Look at the amounts on lines 5 and 2. Then, enter the smaller amount on line 6.

Part 3

Earned Income Credit Amount

6. **This is the earned income credit.** **6**

Enter this amount on Form 1040EZ, line 8.



If your client's EIC for a year after 1996 was reduced or disallowed, determine if he/she must file Form 8862 to take the credit for 2002.

