



## EITC Income Limits, Maximum Credit Amounts and Tax Law Updates

Here are the 2009 tax year income limits, maximum EITC amount and the EITC-related tax law changes. You can also access the information for:

- [2008 Tax Year](#)
- [2007 Tax Year](#)
- [2006 Tax Year](#)
- [Preview 2010 Tax Year](#)

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### 2009 Tax Year

*New for tax year 2009: The amount of EITC increased for workers with a third qualifying child\* and the rules changed for determining who is a qualifying child.*

Earned Income and adjusted gross income (AGI) must each be less than:

- \$43,279 (\$48,279 married filing jointly) with three or more qualifying children
- \$40,295 (\$45,295 married filing jointly) with two qualifying children
- \$35,463 (\$40,463 married filing jointly) with one qualifying child
- \$13,440 (\$18,440 married filing jointly) with no qualifying children

Tax Year 2009 maximum credit:

- \$5,657 with three or more qualifying children
- \$5,028 with two qualifying children
- \$3,043 with one qualifying child
- \$457 with no qualifying children

The Fostering Connections to Success and Increasing Adoptions Act of 2008 changed the uniform definition of a child. Now, a "qualifying child" must:

- Be younger than the taxpayer claiming that child unless the child is disabled and
- Not have filed a joint return except to claim a refund

It also added a new Parent AGI rule. If the same child is a qualifying child of a parent and another relative, the person who is not the parent can claim the child only if their AGI is higher than the AGI of any parent of the child.

\*The American Recovery and Reinvestment Act (ARRA) provides a temporary increase in EITC and expands the credit for workers with three or more qualifying children. These changes are temporary and apply to 2009 and 2010 tax years.

For more information on whether a child qualifies you for the EITC, see Publication 596, Chapter 2, Rules If You Have a Qualifying Child.

**Investment Income** must be \$3,100 or less for the year.

The **maximum Advance EITC** workers can receive from their employers is \$1,826.

*Page Last Reviewed or Updated: December 18, 2009*



## CP 09 Sample Contents Page 1

**You May Be Eligible for a Refund  
If You Qualify for the Earned Income Credit**

**Why We Are Sending You this Notice**

We are writing to you because you may qualify for the earned income credit (EIC). This credit is for certain people who work and have earned income. Our records show:

- Your income falls in the eligible range to receive the EIC,
- You have a dependent who may be an EIC qualifying child, and
- You did not claim the EIC on your [tax year] Form [form #].

**What You Need to Do**

Income is not the only condition that determines if you qualify for EIC. We need you to complete the enclosed EIC Eligibility Check-Sheet to see if you may qualify for the EIC. Take the following steps to complete the check-sheet:

- Answer the questions in Step 1.
  - Any YES answer means you do not qualify.
  - NO answers to both questions mean you may qualify. Continue on to Step 2.
- In Step 2, fill in the name and Social Security number of each child who may qualify you for the EIC. Continue on to Step 3.
- Answer the questions in Step 3.
  - Any NO answer for a child means that child is not your qualifying child for the EIC. Do not respond to this notice unless you have a qualifying child.
  - All YES answers mean a child is your qualifying child for the EIC. Sign and date the declaration on the last page of this notice. Both you and your spouse must sign the declaration, if you filed a joint return. Mail the completed EIC Eligibility Check-Sheet to us in the enclosed envelope.

*Note: Return the EIC Eligibility Check-Sheet to us only if you determine you may qualify for the EIC.*

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### What if a Child is a Qualifying Child of More than One Person?

If your qualifying child is also a qualifying child of another person, you and the other person can decide who will claim the credit using that child. If more than one person claims the credit using the same child, the IRS will apply the following tie-breaker rules to determine which person can claim the credit with that child.

If	Then Only
Only one person is the child's parent,	The parent can treat the child as a qualifying child.
Two persons are the child's parents and they do not file a joint return together,	The parent with whom the child lived the longest during the year can treat the child as a qualifying child.
Two persons are the child's parents, the child lived with each parent the same amount of time during the year, and the parents do not file a joint return together,	The parent with the highest adjusted gross income can treat the child as a qualifying child.
Neither person is the child's parent,	The parent with the highest adjusted gross income can treat the child as a qualifying child.

### What We Will Do

When we receive a completed EIC Eligibility Check-Sheet, we will review the information you provide. If you qualify for the EIC we will send you a refund within the next eight weeks (if you owe no other amounts we are required to collect). We will send you a letter of explanation if you do not qualify for the credit.

### What You Can Do Next Year

You can get your earned income credit faster, if you are eligible and avoid getting a notice next year by doing one of the following on your next Federal Income Tax Return:

- Figure and include the EIC amount on your return. The instruction booklets for Form 1040 and Form 1040A include instructions on how to figure your EIC.
- Ask the IRS to figure the EIC for you by:
  - Writing "EIC" on the earned income credit line.
  - Completing and attaching Schedule EIC for a qualifying child. Remember, you did not need to claim a child as a dependent to receive the EIC.
- Write "NO" on the EIC line of your return if you do not want or do not qualify for the credit.

### How to Get More Information

You can get more information about the earned income credit by visiting [www.irs.gov](http://www.irs.gov) or by calling [toll free number] and requesting pre-recorded topic #601. You can also get IRS publications by calling [toll free number] or by downloading them from [www.irs.gov](http://www.irs.gov).

- Form 1040 or Form 1040A instruction booklets.
- Publication 596, Earned Income Credit (Publicación 596(SP) para la versión en español).

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EIC Eligibility Check-Sheet		
<b>Step 1</b>	<b>Read and answer each question below and check the correct box</b>	<b>YES NO</b>
Does your Social Security card (or your spouse's, if you filed a joint return) read <b>Not Valid for Employment</b> AND was the Social Security Number (SSN) issued so that you (or your spouse) could get a federally funded benefit, such as Medicaid?		<input type="checkbox"/> <input type="checkbox"/>
Do you (or your spouse, if you filed a joint return) meet the age, relationship, and residency tests to be an EIC qualifying child of another person? (For more information on these tests, see Step 3.)		<input type="checkbox"/> <input type="checkbox"/>
<b>Attention</b>	<b>If</b>	<b>Then</b>
	You answered NO to both questions in Step 1	Go! Continue on to Step 2
	You answered YES to either questions in Step 1.	Stop! You do not qualify. Do not answer this notice.
<b>Step 2</b>	<p><b>Write the name and SSN for no more than two children who lived with you during [tax year]. Then go to Step 3. Do not list the child if:</b></p> <ul style="list-style-type: none"> <li>The child has a Social Security card that reads <b>Not Valid for Employment</b> AND the SSN was issued so that the child could get a federally funded benefit, such as Medicaid.</li> <li>The child was married and you are not entitled to claim the child as a dependent on your [tax year] return (you can list the child if you are not entitled to the child's exemption under the rules for children of divorced or separated parents).</li> </ul>	
<b>Child # 1</b>	First and Last Name	Social Security Number
<b>Child # 2</b>	First and Last Name	Social Security Number

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<b>Step 3</b>	Read and answer each question for each child listed in Step 2 to decide whether the child is your EIC qualifying child.	<b>Child #1 YES NO</b>	<b>Child #2 YES NO</b>
<b>Relationship Test - is the child your:</b> <ul style="list-style-type: none"> <li>• Son, daughter, stepson, stepdaughter, or a descendant of any of them (such as a grandchild), or</li> <li>• Brother, sister, stepbrother, stepsister, or a descendant any of them (such as a niece or nephew) whom you cared for as your own child, or</li> <li>• Eligible foster child (child placed with you by an authorized placement agency whom you cared for as your own child)?</li> </ul>		[ ] [ ]	[ ] [ ]
<b>Age Test - At the end of [tax year], was the child:</b> <ul style="list-style-type: none"> <li>• Under age 19, or</li> <li>• Under age 24 and a full time student, or</li> <li>• Permanently and totally disabled at any time during the year regardless of age?</li> </ul>		[ ] [ ]	[ ] [ ]
<b>Residency Test - Did the child live with you in the United States for more than half of 2003?</b>		[ ] [ ]	[ ] [ ]
<b>Attention</b>	<b>If</b>	<b>Then</b>	
	You answered YES to all of the questions for either child, You answered NO to any question for a child and you have no other child you answered YES to all of the questions for,	<b>Go!</b> You have an EIC qualifying child. Sign the declaration below and return this check-sheet in the envelope provided. <b>Stop!</b> You do not have an EIC qualifying child. Do not respond to this notice.	

**Declaration:** Under penalties of perjury, I declare that this information is true and correct to the best of my knowledge.

Your Signature \_\_\_\_\_ Date \_\_\_\_\_

Spouse's Signature \_\_\_\_\_ Date \_\_\_\_\_  
(if you filed a joint return)

Your Home Phone # \_\_\_\_\_ Your Daytime Phone # \_\_\_\_\_

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