



FEDERAL EARNED INCOME TAX CREDIT

(Tax Year 2002)

**Could You Use Money Back From
Your Earned Income?**

Federal Earned Income Tax Credit

1 What Is It?

The **Earned Income Tax Credit (EITC)** is part of the federal income tax code. It is designed to supplement wages, and to reduce the tax burden on low or moderate-income workers.

2 Who Qualifies?

The EITC is available to low- and moderate-income married or single workers (with or without children) who meet the income requirements. You may qualify if you worked full- or part-time in 2002.

3 How Does It Work?

- ✧ Depending on eligibility and income level, workers eligible for the EITC either get money back or pay less in taxes.
- ✧ Eligible workers raising one child in the home with a family income of less than \$29,201 (single) or \$30,201 (married) in 2002 can get an EITC of up to \$2,506.
- ✧ Eligible workers raising more than one child in the home with a family income of less than \$33,178 (single) \$34,178 (married) in 2002 can get an EITC of up to \$4,140.
- ✧ Eligible workers who were not raising children in their home but who were at least age 25 and under age 65 on December 31, 2002 and had income of less than \$11,060 (single) or \$12,060 (married) can get an EITC up to \$376.

4 How Do You Get the Credit?

- ✧ Workers raising children in 2002 must file Form 1040 or 1040A and **must** fill out and attach schedule EITC; married workers must file a joint return to get the EITC. Workers with

children cannot get the EITC if they file Form 1040 EZ, known as the “Easy Return”, or fail to attach schedule EITC.

- ✧ Workers not raising children in 2002 can file any tax form, including Form 1040 EZ.
- ✧ Workers raising children can get part of their EITC in their paychecks throughout the year with the advance payment option by completing Form W-5.

5 Changes to the EITC Going Into Effect for the First Time in Tax Year 2002.

- ✧ The benefit increases for married workers. Eligible married workers will receive a modestly higher credit than a single worker with the same income. This is to partially alleviate the “marriage penalty” that occurs through joint filing of the tax return.
- ✧ Foster children may be claimed if they have lived with the foster parent for at least six months out of the year.
- ✧ Claims by custodial parents have priority. Working parents living with relatives whose incomes are higher than their own may now benefit from the EITC, regardless of the income of the relatives.
- ✧ Non-taxable income is no longer considered in determining eligibility.

6 Do You Need Help With Your Claim?

Call the IRS at **1 (800) 829 3676** to request Form 1040. For information call **1 (800) 829-1040**. Be patient—the 24-hour line is often busy.



Remember...

Commercial tax preparers offering “rapid refund” packages often charge a high fee, taking a large percentage of your EITC refund. Try to locate a free VITA program near you if you need assistance with your income taxes.