

Section I: EITC 101

The EITC is a federally, funded anti-poverty initiative. The tax credit is designed to help low-income workers increase their financial stability. Workers that qualify for the refund can receive a significant boost to their family income. As indicated by the Centers on Budget and Policy Priorities, “The Earned Income Credit (EITC) - and now the CTC - continue to be vital work supports for employees in low-wage jobs, helping many to make the transition from public assistance the labor force. The credits also are a critical help to workers hurt by the economic slump who may have lost their jobs or had their wages reduced”.

The EITC takes on an added importance during an economic downturn. It is especially important in that it low income workers can use it to begin to develop assets.

For more information on EITC the Center on Budget and Policy priorities has an extensive 2007 Outreach toolkit available at <http://www.cbpp.org/eic2004/index.html> (Link automatically redirects you to most current toolkit).

Resources

[State Earned Income Tax Credit Online Resource Center](#)

[National Community Tax Coalition](#)

[The Center on Budget and Policy Priorities, 2007 EITC Outreach Toolkit](#)

Internal Revenue Service

[Earned Income Credit –Questions and Answers](#)

Geared for students, the following modules help provide basic understanding of the EITC

- [Module on the Earned Income Credit](#)
- [Simulation 9A-Claiming the Earned Income Credit as a Single Taxpayer](#)
Help Seth Wiggins determine whether he is eligible for the earned income credit. Then, help him complete Form 1040EZ.
- [Simulation 9B-Claiming the Earned Income Credit as a Married Taxpayer](#)
Help Stephen and April Beach determine whether they are eligible for the earned income credit. Then, help them complete Form 1040A.

IRS Publication 596, Earned Income Credit, explains the rules to qualify for and to claim the EITC and Advance EITC.