

## Don't miss earned income tax credit

**T**he earned income tax credit each year puts billions of dollars into the hands of millions of lower- to middle-income workers.

Under normal circumstances, one quarter of taxpayers eligible for the credit fail to claim it, partly because the rules are complex and some workers may not be aware they qualify, according to the Internal Revenue Service.

But the number of workers missing out on this credit could be even higher this year. Eligibility is tied to income. And if you lost your job or your employer cut your hours last year, you might not realize that your income has fallen to the point where you qualify for the credit for the first time.

And there are other changes to the federal credit and Maryland's earned income tax credit that could make you eligible now if you weren't before.

By failing to claim the credit, you could be leaving lots of money on the table. Last year, the average federal credit was \$2,000.

The maximum credit this year is \$4,824 for families with two or more children and \$2,917 for a family with one child. For singles without children, the maximum credit is \$438.

A credit reduces your bottom line tax bill dollar-for-dollar. But the earned income tax credit goes one step better. The credit is "refundable," meaning that even if you had no tax liability to be offset by the credit, you will get the credit in the form of a refund.

So, do you qualify? You generally have to be younger than 65, unless you are raising a grandchild. You also must have earned income from a job.

The income limits to qualify have gone up this season. For instance, if you have two or more dependent children, your earned income and adjusted gross income must be less than \$38,646 if single and \$41,646 if married and filing jointly. If you have one child, income must be less than \$33,995 if single or \$36,995 if filing jointly. And if you have no children, the income must be below \$12,880 if single and \$15,880 for joint filers.

Maryland is one of about 20 states offering an earned income tax credit. Last year, the state expanded the credit, which will mean more money for filers as well as more people qualify-

ing, says Joanna Smith-Ramani, director of the Baltimore CASH Campaign.

Maryland's credit piggybacks on the federal one. The state credit is worth up to half of the federal credit received. But starting with the 2008 tax returns, the state has increased the amount of the credit that could be refunded to you if you don't owe any taxes.

On top of that, Maryland now extends its credit to filers who do not have children, Smith-Ramani says. Previously, the credit was reserved for those who have children.

Of course, with everyone counting their pennies these days, it would be nice to get the credit sooner than later. One way to do that is to apply for an advance earned income tax credit. This is for people who expect to qualify in 2009 for a credit and have at least one dependent child. Instead of waiting to claim the money on next year's return, as much as \$1,750 of the credit will be added to your paycheck throughout this year.

To get an advance credit, you must fill out a Form W-5, available through your employer or the IRS.

As mentioned earlier, the earned income tax credit is complicated. If you have questions about your eligibility, check the EITC Assistant online at [www.irs.gov](http://www.irs.gov).

Or, if you need help with your return, call First Call for Help at 800-492-0618 to find locations for free tax services for those with income less than \$42,000.



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