EITC Tax Preparer Toolkit

2009 Qualifying Child Scenario 2

Due Diligence – Know the law. Ask the right questions. Get all the facts.
Scenario

Mike wishes to have his taxes prepared. He informs you:

• He is single.
• 18 years old.
• Has W-2 wages of $12,750.
• His sister lives with him and he wants to claim EITC.
You ask: Did anyone else live in the house with you and your sister?
  He says: Our mother lived with us.

You ask: How many months did your sister live with you?
  He says: The three of us lived together all year.

You ask: How old is your sister?
  He says: She’s 21.

You ask: Is she a full-time student?
  He says: She’s a full-time college student.
Does Mike Qualify for EITC?

Mike and his sister are both qualifying children of their mother and because he is a qualifying child of another individual, he cannot claim EITC.
Take 2

You ask: Did anyone else live in the house with you and your sister?
  He says: No.

You ask: How many months did your sister live with you?
  He says: My sister and I lived together all year.

You ask: How old is your sister?
  He says: She’s 21.

You ask: Is your sister a full time student?
  He says: Yes.

You ask: Is your sister disabled?
  He says: No, she’s not disabled.
Does Mike Qualify for EITC?

No

Although his sister meets the relationship and residency requirements, she is not the qualifying child of Mike because she is older. Changes to the Uniform Definition of a Child effective for tax year 2009 require the taxpayer claiming the child be older than the qualifying child unless the child is permanently disabled.
Take 3

You ask: Did anyone else live in the house with you and your sister?  
He says: No.

You ask: How many months did your sister live with you?  
He says: We lived together all year.

You ask: How old is your sister?  He says: She’s 21.

You ask: Is your sister a full time student?  He says: No.

You ask: Is your sister disabled?  He says: Yes, she has Cerebral Palsy.

You ask: How long has she had this disability?  He says: Since birth.

You ask: Can she hold a job?  He says: No.

You ask: How much money did your sister’s parents earn last year?  
He says: Our parents are deceased.
Does Mike Qualify for EITC?

Yes, Mike’s sister meets the relationship, age and residency requirements.

- Although she is older than Mike, she is considered permanently disabled because:
  - She cannot engage in any substantial gainful activity because of a physical or mental condition.
  - A doctor determined the condition has lasted or can be expected to last continuously for at least a year or can lead to death.
- Because the parents are deceased, you don’t have to compare Mike’s adjusted gross income to his parents--
  - Sec. 501 allows a taxpayer other than the parents of a qualifying child to claim that child, only if the adjusted gross income of the taxpayer is higher than the highest adjusted gross income of any parent of the child.