

Other Topics

Following are some of the questions preparers frequently ask us about EITC topics.

Preparer Question	IRS Answer
Does a taxpayer have to have a child to qualify for the EITC?	No. In fact, we estimate low-income workers without qualifying children are the largest segment of eligible taxpayers who fail to claim EITC. Many low-income workers without children who are not required to file a return are not aware of the credit.
How do I know if my client is required to recertify?	<p>After the examination is complete, IRS sends a CP-79, What You'll Need To Do The Next Time You Claim an Earned Income Credit, to taxpayers who are required to recertify. The letter explains the requirement to file Form 8862, Information to Claim Earned Income Credit After Disallowance.</p> <p>Find the CP-79 on irs.gov.</p> <p>Find the Form 8862 here.</p> <p>Also available in Spanish, Form 8862 (SP).</p>
My clients did not tell us that IRS denied their EITC in a previous year and they are required to file the Form 8862 until after we filed the return. What will happen to the return?	IRS sends a math error notice to the taxpayer denying the credit. Follow the directions on the notice to submit the Form 8862 with the supporting documentation to IRS.

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<p>We practice due diligence to ensure our clients are eligible for EITC. We determined our clients are <i>not</i> eligible for EITC. But, the IRS sent a letters saying they qualified. Why?</p>	<p>IRS sends an <i>Earned Income Credit You May Be Entitled To From IRS</i> letter to taxpayers who have information on their return that makes it appear they qualify for EITC. The letter has a checklist for the taxpayer to complete and send back to the IRS to determine qualification. Before sending the notice, IRS computers look at line 9a on the Form 1040 EZ, the line 41a on the Form 1040A and the line 64a on the Form 1040 for the "no" indicator. If the preparer goes through the due diligence checklist for EITC and determines the taxpayer or the spouse, if it is a jointly filed return, are not eligible, the preparer should put a "no" on the EITC line. If you can show the "no" was properly on the EITC line, please contact us at eitc.program@irs.gov so we can look into the problem.</p> <p>Find a sample CP 09 , Earned Income Credit You May Be Entitled To From IRS on irs.gov.</p>
<p>What are the top EITC processing errors and how can I avoid them.</p>	<p>The top three processing errors are:</p> <ol style="list-style-type: none"> 1. The top error is Social Security Number and last name mismatches. 2. More than one person claiming the same qualifying child. 3. Claiming EITC after prior year disallowance of EITC and not attaching a Form 8862. <p>Click here for tips on avoiding these processing errors.</p>

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<p>How can I fix a SSN mismatch?</p>	<p>First, determine if the problem is an error transcribing the number or name. If it is, correct it and resubmit the return.</p> <p>If not:</p> <ul style="list-style-type: none"> • Check the Social Security card to verify the last name and number. Pay particular attention to hyphenated last names and multiple last names. • If your client had a name or other change, ask when it was reported to the Social Security Administration. • Refer your client to Social Security Administration to resolve the problem. • After the issue is resolved, resubmit the return. <p>Note: It takes about 10 days for IRS to get updated records from SSA.</p>
<p>What are the three most common mistakes on EITC claims?</p>	<p>The three most common EITC mistakes which account for more than 60 percent of all errors on EITC claims are:</p> <ul style="list-style-type: none"> • Claiming a child who does not meet the age, residency and relationship tests • Filing as single or head of household when married • Over or underreporting income <p>Click here for tips on avoiding these errors.</p>

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<p>Why does IRS Focus on you as a Paid Preparer?</p>	<p>IRS has several programs to reduce EITC errors made by individual taxpayers. The programs include checks during the processing of the tax return, various examinations and information document matching, Because the majority of returns filed with EITC claims (about 2/3) are completed by paid preparers, IRS believes preparers play a critical role in increasing the number of accurate EITC claims and reducing the number of errors.</p>
<p>Does EITC have an affect on eligibility for any other benefits for persons with low income or person with disabilities?</p>	<p>Refunds received from EITC, CTC, Child Tax Credit, or any other tax credit are not considered income for any federal or federally funded public benefit program. Also, under the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, your credit or other tax refund is not counted as a resource for at least 12 months from when you receive it. If you save your refund, federal or federally funded agencies will not use it to determine your eligibility or the amount of your benefit. This new rule is for refunds received after December 31, 2009 and through 2012. It is always best to check with your local benefit coordinator to find out if your benefits fall under this provision.</p>
<p>Will taxpayers' state tax returns be affected if they don't qualify for the federal EITC?</p>	<p>It may. Federal tax return information is shared with state tax departments under a federal/state data exchange agreement. If a state tax credit is comparable to the Federal EITC and it is later determined the taxpayer did not qualify for the federal EITC, the state may adjust your client's state tax return.</p>

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<p>How can I help my client with Electronic Rejects, EITC Notices and Letters?</p>	<p>IRS may contact your client when there are errors on their return, either electronic or paper. This can happen during return processing, if they are selected for an audit, or when there is a possible error. Your clients will get their refund faster when you can promptly handle the issue for them. Click here for our chart of EITC-related Notices, Reject Codes and Letter and tips for handling them. To download and print a PDF file, you will need to have the Adobe Acrobat Reader software installed. You can download the latest version of Adobe Acrobat Reader FREE from the Adobe Reader download page on Adobe's Web site.</p>

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