

**From the desk of
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The Earned Income Tax Credit

The Earned Income Tax Credit (EITC) is a federal income tax credit for workers who earn less than \$53,505 for 2016, and meet the following eligibility requirements:

- A taxpayer must have earned income from either wages, or net self-employment income below \$53,505;
- A taxpayer must have a valid Social Security Number;
- A taxpayer cannot file his or her tax return as Married Filing Separately;
- A taxpayer must be a U.S. Citizen, or resident alien;
- No foreign income is allowed;
- Investment income can disqualify the claiming of the EITC;

The EITC is a refundable credit therefore may provide a tax refund for those who qualify.

The EITC can amount up to \$6,269 for certain taxpayers.

People with disabilities are also eligible for the EITC but must file a tax return to qualify for the potential refund. Many people who fall below the income threshold requiring them to file fail to do so, and miss out on potential EITC funds.

To qualify for EITC the taxpayer must have earned income. This means income either from a job or from self-employment.

Taxpayers who are retired and receiving disability can also count as earned income any taxable benefits they receive under an employer's disability retirement plan. These

benefits remain earned income until the disability retiree reaches minimum retirement age. Social Security benefits or Social Security Disability Income (SSDI) do not count as earned income.

Additionally, taxpayers may claim a child with a disability or a relative with a disability of any age to get the credit if the person meets all other EITC requirements.

People with disabilities are often concerned that a tax refund will impact their eligibility for one or more public benefits including Social Security disability benefits, Medicaid, and Food Stamps.

The law is clear that tax refunds including refunds from tax credits such as the EITC are not counted as income for purposes of determining eligibility for benefits. This applies to any federal program and any state or local program financed with federal funds.

Due to extreme fraud relating to EITC claims in prior years the IRS has instituted a number of procedures to verify whether a tax return is valid, and if those claiming the EITC are qualified for the credit, part of which is a delayed filing period where the IRS can cross reference data. New law requires the IRS to hold refunds claiming the EITC and the Additional Child Tax Credit (ACTC) until mid-February.

The IRS cautions taxpayers that these refunds likely will not start arriving in bank accounts or on debit cards until after February 27.

Taxpayers claiming the EITC or ACTC should have all of the necessary documentation to substantiate their claim if questioned.

Our emphasis at Muffoletto & Company is to provide you the proper guidance and understanding of the system so that you avoid taxes to the extent that the law allows.

We on the other hand do not offer any Alternative Facts.

Should you have questions relating to these matters, tax, financial, and accounting issues, give us a call at (818) 346-2160.

You can also visit us on the web at www.petemcpa.com!

We here at Muffoletto & Company believe that the more informed you are in regards to the rules and regulations that affect you the more we can be of service. Should you have questions relating to any tax or financial matters, or if you know of someone that could benefit from our assistance feel free in calling us at (818) 346-2160, or you can visit us on the web at www.petemcpa.com!

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