Department of the Treasury
Internal Revenue Service

Notice 797

(Rev. December 2006)

Possible Federal Tax Refund Due to the Earned Income Credit (EIC)

What Is the EIC?

The EIC is a refundable tax credit for certain workers.

Who May Claim the EIC

You may be able to claim the EIC for 2006 if you worked and all four of the following conditions apply.

1. You (and your spouse, if filing a joint return) have a valid social security number (SSN) issued by the Social Security Administration. For more information on valid SSNs, see Pub. 596, Earned Income Credit (EIC).

2. Your 2006 earned income and adjusted gross income are both under $32,001 ($34,001 if married filing jointly) if you have one qualifying child; under $36,348 ($38,348 if married filing jointly) if you have more than one qualifying child; under $12,120 ($14,120 if married filing jointly) if you do not have a qualifying child. For a definition of earned income, see the 2006 instructions for Forms 1040, 1040A, or 1040EZ.

3. Your filing status is any status except married filing a separate return.

4. You, and your spouse if filing a joint return, were not a qualifying child of another person.

If you **do not** have a qualifying child, you must also meet these conditions.

a. You, or your spouse if filing a joint return, were at least age 25 but under age 65 at the end of 2006.

b. You, and your spouse if filing a joint return, cannot be claimed as a dependent on someone else's 2006 tax return.

c. Your home, and your spouse's if filing a joint return, was in the United States for over half of 2006.

Note. If you are in the military on extended active duty outside the United States, your home is considered to be in the United States during that duty period and you may be able to claim the EIC.

You **cannot** claim EIC if any of the following conditions apply.

1. Your 2006 investment income (such as interest and dividends) is over $2,800. See your 2006 income tax return instructions for more details.

(Continued on back.)

2. You file either Form 2555 or Form 2555-EZ (relating to foreign earned income).

3. You are a nonresident alien for any part of 2006 unless you are married to a U.S. citizen or resident and elect to be taxed as a resident alien for the entire year. See Pub. 519, U.S. Tax Guide for Aliens, for more information.

Who Is a Qualifying Child

Any child who meets all three of the following conditions is a qualifying child.

1. The child is your:
Son, daughter, stepchild, foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew).

Note. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

2. At the end of 2006, the child was under age 19; or under age 24 and a student; or any age and permanently and totally disabled.

3. The child lived with you in the United States for over half of 2006. If the child did not live with you for the required time, there are exceptions if the child was born or died during the year, the child is presumed to have been kidnapped by a non-family member, or there was a temporary absence.

There are additional rules if a child is married or is the qualifying child of more than one person. For details, see the 2006 instructions for Forms 1040, 1040A, or 1040EZ.

How To Claim the EIC

If you are eligible, claim the EIC on your 2006 income tax return. If you have a qualifying child, you must also fill in Schedule EIC and attach it to your Form 1040 or Form 1040A.

If eligible, you can claim the EIC to get a refund even if you have no tax withheld from your pay or owe no tax. For example, if you had no tax withheld in 2006 and owe no tax but are eligible for a credit of $824, you must file a 2006 income tax return to get the $824 refund.

EIC with your pay. If you expect to have a qualifying child and be eligible to claim the EIC for 2007, you may be able to get part of it in advance with your pay. For details, get Form W-5, Earned Income Credit Advance Payment Certificate, from your employer, from the IRS website at *www.irs.gov*, or by calling the IRS at 1-800-829-3676. If you get the EIC with your pay, you **must** file a 2007 Form 1040 or Form 1040A.

More Information

This notice provides the basic requirements to qualify for the EIC. Refer to the 2006 instructions for Forms 1040, 1040A, 1040EZ; Pub. 596; or *www.irs.gov/eitc* for details. You can get IRS forms and publications by accessing the IRS website at *www.irs.gov* or by calling 1-800-TAX-FORM (1-800-829-3676).

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If you think you may be eligible for the Earned Income Credit (EIC), please contact ACES$ and a W-5 will be sent to you with instructions for its completion.

Questions? Please Call
1-877-ACESS 81
(223-7781)