



Increasing Financial Stability of Individuals and Families

Tax Credits for Working Families

EARNED INCOME TAX CREDIT (EITC)

The Earned Income Tax Credit (EITC) is the nation's largest and most powerful anti-poverty program; larger than the Temporary Assistance for Needy Families (TANF) and Food Stamp Programs combined. The EITC grants boosts 4.5 million people above the poverty line each year, over half of them children. It also stimulates participation in the labor force by rewarding work.

The EITC is a frequently overlooked means of increasing your income if you are employed. If you have not qualified for this credit in the past, a change in your income or a lay-off may make you eligible during a year in which you have financial problems. If you are employed and your total income falls below a certain amount, you qualify for the credit even if you do not have to pay any taxes that year.

Arizona offers free tax preparation services via the Volunteer Income Tax Assistance sites (VITA). By using these free tax services, you can keep more of your hard-earned refund. Many EITC recipients use paid tax preparers and often end up giving back part of their refund due to requesting costly Refund Anticipation Loans (RALs).

Family Size	Single	Married	Federal Credit
0 children	\$13,440	\$18,440	\$457
1 child	\$35,463	\$40,463	\$3,043
2 children	\$40,295	\$45,295	\$5,028
3+ children	\$43,279	\$48,279	\$5,657

CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES

You may be able to claim credit for child care if it is for a dependent who is under age 13 or for a spouse or other dependent who is not able to care for themselves. The credit can be up to 35 percent of the qualified expenses. In order to claim the credit you must:

- Earn income during the year
- Pay for care so your dependent can work, or look for work
- Not pay for care from someone your dependent can claim as a dependent (a grandparent, sibling, spouse, niece, nephew)
- Identify the care provider on their tax return

Claiming tax credits can be a complex process and there may be additional credits available, visit [irs.gov](https://www.irs.gov) for more information.

Resources:

Annie E Casey Foundation [aecf.org](https://www.aecf.org)

Guide to Surviving Debt, 2010 Edition, National Consumer Law Center, Principal Author Deanne Loonin

Internal Revenue Service [irs.gov](https://www.irs.gov)

Maryland Cash Campaign [mdcash.org](https://www.mdcash.org)