

COMMON QUESTIONS

About Immigrant Families & Tax Credits...

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are tax credits that can help lift families out of poverty. In 2003, the EITC lifted 4.4 million individuals, including 2.4 million children, out of poverty. Without the EITC, the poverty rate among children would have been nearly 25 percent higher. In 2006, the IRS gave back \$41 billion in EITC refunds.

The EITC is a refundable federal, New York State and New York City tax credit for people who work full- or part-time, but don't earn a lot of money. In 2007:

- Workers raising two or more children who earned less than \$36,348 (\$38,348 if married) in 2006 can get up to \$6,124;
- Workers raising one child who earned less than \$32,001 (\$34,001 if married) in 2006 can get up to \$3,708; and
- Workers who are between the ages of 25 and 64 who are not raising children and who earned less than \$12,120 (\$14,120 if married) in 2006 can get up to \$556.

The CTC is a refundable federal tax credit for families with children 16 years of age or younger. The credit is worth up to \$1,000 per child.

Immigrant families often have questions about these tax credits. This fact sheet will help you answer some of the common questions immigrants may have about the EITC and CTC.

Can immigrants claim the Earned Income Tax Credit (EITC)? Many legal immigrants who work can qualify for the EITC as long as they meet the other eligibility requirements. Immigrants, their spouses and children claimed for the EITC must each have a valid Social Security number that permits them to work legally in the United States. The children claimed for the credit must have lived in the U.S. in the worker's home for more than six months

in 2006. Immigrants that only have an Individual Taxpayer Identification Number (ITIN) cannot get the EITC. They can, however, still file taxes and may be able to get other tax credits like the Child Tax Credit (CTC).

Can immigrants claim the Child Tax Credit (CTC)? Immigrants who work and have either a Social Security number or an ITIN may get the CTC as long as they meet the other eligibility requirements. Children claimed for the credit must also have either a Social Security number or an ITIN. The children claimed for the credit must have lived in the U.S. in the worker's home for more than six months in 2006.

Will claiming the EITC or CTC cause any public charge problems for immigrants? Claiming the EITC or CTC does not cause any "public charge" problems for immigrant workers. Receiving a refund is not considered an indication that immigrants are unable to support themselves financially.

Will tax filing information be shared with others? The Internal Revenue Service (IRS) is governed by confidentiality laws in the Internal Revenue Code that prohibit it from sharing taxpayer information with others, including other federal agencies, except in very limited circumstances. The IRS will not share information with other agencies, including the U.S. Citizenship and Immigration Services (formally the INS), except in cases of criminal fraud or investigation of terrorism. Unless that law is changed, the IRS is generally not allowed to share information from a tax return.

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NOW CLAIM IT!**

COMMON QUESTIONS

About Immigrant Families & Tax Credits continued...

What is an Individual Taxpayer Identification Number (ITIN)? An ITIN is a tax identification number issued by the IRS for immigrants who do not have a Social Security number but would like to file their taxes. The ITIN is used on tax returns in the place of a Social Security number. It does not change a worker's immigration or work authorization status.

How can immigrants get an ITIN? Immigrants who do not have a social security number, but would like to file taxes and claim the CTC, can apply for an ITIN by filing form W-7, Application for IRS Individual Taxpayer Identification Number, when they file their taxes. All tax returns submitted with W-7 ITIN applications must be sent to the IRS Service Center in Austin, Texas, to be processed. Immigrants who already have an ITIN number can mail their tax returns to their regular processing center. Tax returns using ITINs, however, cannot be e-filed—they must be mailed to the IRS.

Can immigrants claim the EITC for previous years if they just got legal work status? If immigrants were otherwise eligible to claim the EITC in previous years and have since gotten their legal work status, they may be able to claim the EITC for up to three previous years. Immigrants, their spouse and children claimed for the EITC must all currently have valid Social Security numbers. They can then amend a past tax return or file an original tax return for 2003, 2004 and 2005.

Why should someone file taxes? Some people do not have to file taxes because they do not earn enough money. Even if someone does not have to file a tax return, they may want to file to claim the EITC or the CTC and get money back in a tax refund.

Can immigrants get part of their EITC in their paycheck during the year? Generally, yes. This is called the Advance Earned Income Tax Credit (AEITC). The AEITC is a way for some workers raising children to take advantage of the EITC without having to wait to file their taxes. Workers who qualify can get part of their federal EITC in their paychecks throughout the year and the rest in a check from the IRS after they file their federal tax return. Workers must complete form W-5, Earned Income Credit Advance Payment Certificate, and give it to their employer.

Where can workers get help getting the EITC and filing their taxes? There are free tax-filing assistance sites located around New York State. To find the site closest to you, call the IRS at 1-800-829-1040 or in New York City, call 311.

Is there help available if immigrants have legal questions about their taxes or a problem with the IRS? Yes. Free or low-cost assistance is available for eligible individuals at Low Income Taxpayer Clinics (LITCs). To find out if you qualify and for a site near you, call the IRS at 1-800-829-1040.

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Children's Defense Fund

Prepared by CDF-NY with support from the Prudential Foundation