



Advance Earned Income Tax Credit

Earned Income Tax Credit (EITC)

The Earned Income Tax Credit is a special federal tax benefit for working people with low or moderate incomes. Those who qualify usually receive their EITC in one large check from the Internal Revenue Service after they file their tax returns.

Advance Earned Income Tax Credit (Advance EITC)

The advance EITC allows qualified workers to receive part of their EITC tax benefit in their paychecks throughout the year. Qualified workers then receive the rest of their EITC benefit after they file their tax returns. If you qualify, you could increase your take-home pay (advance EITC payments) and receive a tax refund.

Benefit of Advance EITC

The advance EITC increases your take-home pay. In fact, you could receive as much as \$125 each month. This can help you make your Ways to Work loan payment or help you budget for other goals.

Eligibility Requirements

You have to meet three core eligibility requirements, which mainly pertain to child custody and income limits.

The Department of the Treasury Internal Revenue Service (IRS) Form W-5 includes information that explains eligibility requirements, instructions, and a filing certificate. You can obtain this information by using the following link: www.irs.gov or by calling the IRS at (800) 829-1040. Also, you can contact your local IRS office for assistance.

Notify Your Employer

You have to notify your employer that you want to receive the advance EITC. You do this by giving your employer a completed and signed Form W-5 (Earned Income Credit Advance Payment Certificate). The employer is required to make advance EITC payments to employees who submit a completed and signed Form W-5. Note: This requirement is provided in the IRS Publication 15.

Give Your Employer a New W-5 Form Each Year

You have to give your employer a new Form W-5 at the beginning of each year to verify that you are eligible and want to receive the advance EITC. You can expect to receive your extra take-home pay the first payroll period that ends on or after the date you give your employer the form.

Changes

If your circumstances change, you need to provide your employer with a new Form W-5. For example, if you think that you won't qualify any longer for EITC because of an increase in income, you will need to provide your employer with a new Form W-5 stating that you are no longer eligible for advance earned income payments. Note: This has to be done within 10 days after you learn that your circumstances changed.

Conclusion

The information in this credit tip only provides you with key points about the advance EITC. To fully understand the advance EITC, please obtain detailed information by using the following link: www.irs.gov, calling the IRS at (800) 829-1040, or contacting your local IRS office for assistance.