

# Line 27— Earned Income Credit (EIC)

## What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you don't owe any tax or didn't have any tax withheld.



*You may elect to use your 2019 earned income to figure your EIC if your 2019 earned income is more than your 2020 earned income. For details, see Pub. 596.*

*If you make the election to use your 2019 earned income to figure your EIC, enter "PYEI" and the amount of your earned income on the dotted line next to line 27.*

## To Take the EIC:

- Follow the steps below.
- Complete the worksheet that applies to you or let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

For help in determining if you are eligible for the EIC, go to [IRS.gov/EITC](https://www.irs.gov/EITC) and click on "EITC Assistant." This service is available in English and Spanish.





*If you take the EIC even though you aren't eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you won't be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you won't be allowed to take the credit for 10 years. See Form 8862, who must file, later. You may also have to pay penalties.*




*Refunds for returns claiming the earned income credit can't be issued before mid-February 2021. This delay applies to the entire refund, not just the portion associated with the earned income credit.*

## Step 1 All Filers

- If, in 2020:
  - 3 or more children lived with you, is the amount on Form 1040 or 1040-SR, line 11, less than \$50,954 (\$56,844 if married filing jointly)?
  - 2 children lived with you, is the amount on Form 1040 or 1040-SR, line 11, less than \$47,440 (\$53,330 if married filing jointly)?
  - 1 child lived with you, is the amount on Form 1040 or 1040-SR, line 11, less than \$41,756 (\$47,646 if married filing jointly)?
  - No children lived with you, is the amount on Form 1040 or 1040-SR, line 11, less than \$15,820 (\$21,710 if married filing jointly)?

☒ **Yes.** Continue  ☐ **No.**  You can't take the credit.
- Do you, and your spouse if filing a joint return, have a social security number issued on or before the due date of

your 2020 return (including extensions) that allows you to work and is valid for EIC purposes (explained later under *Definitions and Special Rules*)?

☒ **Yes.** Continue 

☐ **No.** 

You can't take the credit. Enter "No" on the dotted line next to line 27.

- Is your filing status married filing separately?

☐ **Yes.** 

☒ **No.** Continue 

You can't take the credit.

- Are you filing Form 2555 (relating to foreign earned income)?

☐ **Yes.** 

☒ **No.** Continue 

You can't take the credit.

- Were you or your spouse a nonresident alien for any part of 2020?

☐ **Yes.** See *Nonresident aliens*, later, under *Definitions and Special Rules*.

☒ **No.** Go to Step 2.

## Step 2 Investment Income

- Add the amounts from Form 1040 or 1040-SR:

Line 2a		
Line 2b	+	
Line 3b	+	
Line 7*	+	

**Investment Income** =

\*If line 7 is a loss, enter -0-.

- Is your investment income more than \$3,650?

☐ **Yes.** Continue 

☒ **No.** Skip question 3; go to question 4.

- Are you filing Form 4797 (relating to sales of business property)?

☐ **Yes.** See *Form 4797 filers*, later, under *Definitions and Special Rules*.

☐ **No.** 

You can't take the credit.

- Do any of the following apply for 2020?

- You are filing Schedule E.

- You are reporting income from the rental of personal property not used in a trade or business.
  - You are filing Form 8814 (relating to election to report child's interest and dividends on your return).
  - You have income or loss from a passive activity.
- ☐ **Yes.** Use Worksheet 1 in Pub. 596 to see if you can take the credit. ☒ **No.** Go to Step 3.

### Step 3 Qualifying Child

A qualifying child for the EIC is a child who is your...

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

AND

was ...

Under age 19 at the end of 2020 and younger than you  
(or your spouse, if filing jointly)

or

Under age 24 at the end of 2020, a student (defined later), and younger than you  
(or your spouse, if filing jointly)

or

Any age and permanently and totally disabled (defined later)

AND

Who isn't filing a joint return for 2020  
or is filing a joint return for 2020 only to claim a refund of withheld income tax or  
estimated tax paid (see Pub. 596 for examples)

AND

Who lived with you in the United States for more than half of 2020.



*You can't take the credit for a child who didn't live with you for more than half the year, even if you paid most of the child's living expenses. The IRS may ask you for documents to show you lived with each qualifying child. Documents you might want to keep for this purpose include school and child care records and other records that show your child's address.*



*If the child didn't live with you for more than half of 2020 because of a temporary absence, birth, death, or kidnapping, see Exception to time lived with you, later.*



*If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2020, see Qualifying child of more than one person, later. If the child was married, see Married child, later.*

1. Are you claiming at least one child who meets the conditions to be your qualifying child and, unless the child was born and died in 2020, has a valid SSN as defined later?
- ☐ **Yes.** Continue ☒ **No.** Skip questions 2 and 3; go to Step 4.

2. Are you filing a joint return for 2020?
- ☐ **Yes.** Skip question 3 and Step 4; go to Step 5. ☐ **No.** Continue

3. Could you be a qualifying child of another person for 2020? (Check "No" if the other person isn't required to file, and isn't filing, a 2020 tax return or is filing a 2020 return only to claim a refund of withheld income tax or estimated tax paid (see Pub. 596 for examples).)
- ☐ **Yes.** You can't take the credit. Enter "No" on the dotted line next to line 27. ☐ **No.** Skip Step 4; go to Step 5.

### Step 4 Filers Without a Qualifying Child

1. Is the amount on Form 1040 or 1040-SR, line 11, less than \$15,820 (\$21,710 if married filing jointly)?
- ☒ **Yes.** Continue ☐ **No.** You can't take the credit.
2. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2020? (Check "Yes" if you, or your spouse if filing a joint return, were born after December 31, 1955, and before January 2, 1996.) If your spouse died in 2020 or if you are preparing a return for someone who died in 2020, see Pub. 596 before you answer.
- ☒ **Yes.** Continue ☐ **No.** You can't take the credit.

3. Was your main home, and your spouse's if filing a joint return, in the United States for more than half of 2020? Members of the military stationed outside the United States, see *Members of the military*, later, before you answer.
- ☒ **Yes.** Continue ☐ **No.** You can't take the credit. Enter "No" on the dotted line next to line 27.

4. Are you filing a joint return for 2020?
- ☐ **Yes.** Skip questions 5 and 6; go to Step 5. ☒ **No.** Continue

5. Could you be a qualifying child of another person for 2020? (Check "No" if the other person isn't required to file, and isn't filing, a 2020 tax return or is filing a 2020 return only

to claim a refund of withheld income tax or estimated tax paid (see Pub. 596 for examples).)

☐ **Yes.** 

☒ **No.** Continue 

You can't take the credit. Enter "No" on the dotted line next to line 27.

6. Can you be claimed as a dependent on someone else's 2020 tax return?

☐ **Yes.** 

☒ **No.** Go to Step 5.

You can't take the credit.

## Step 5 Earned Income

1. Are you filing Schedule SE because you were a member of the clergy or you had church employee income of \$108.28 or more?

☐ **Yes.** See *Clergy or Church employees*, whichever applies.

☒ **No.** Complete the following worksheet.

1. Enter the amount from Form 1040 or 1040-SR, line 1 ..... 1. \_\_\_\_\_
2. Enter any amount included on Form 1040 or 1040-SR, line 1, that is a taxable scholarship or fellowship grant not reported on a Form W-2 ..... 2. \_\_\_\_\_
3. Enter any amount included on Form 1040 or 1040-SR, line 1, that you received for work performed while an inmate in a penal institution. (Enter "PRI" and the same amount on the dotted line next to Form 1040 or 1040-SR, line 1.) ..... 3. \_\_\_\_\_
4. Enter any amount included on Form 1040 or 1040-SR, line 1, that you received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan. (Enter "DFC" and the same amount on the dotted line next to Form 1040 or 1040-SR, line 1.) This amount may be shown in box 11 of Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received ..... 4. \_\_\_\_\_
5. Enter any amount included on Form 1040 or 1040-SR, line 1, that is a Medicaid waiver payment you exclude from income (see the instructions for Schedule 1, line 8), unless you choose to include this amount in earned income, in which case enter zero ..... 5. \_\_\_\_\_
6. Add lines 2, 3, 4, and 5 ..... 6. \_\_\_\_\_

7. Subtract line 6 from line 1 ..... 7. \_\_\_\_\_

8. Enter all of your nontaxable combat pay if you elect to include it in earned income. Also enter "NCP" and the amount of your nontaxable combat pay on the dotted line next to line 27 on Form 1040 or 1040-SR. See *Combat pay*, nontaxable, later ..... 8. \_\_\_\_\_



*Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.*

9. Add lines 7 and 8. **This is your earned income\*** ..... 9. \_\_\_\_\_

\*You may elect to use your 2019 earned income to figure your EIC if your 2019 earned income is more than your 2020 earned income. For details, see Pub. 596. If you make this election, skip question 2 and go to question 3.




*Electing to use your 2019 earned income may increase or decrease your EIC. Figure the credit using your 2020 earned income. Then, figure the credit using your 2019 earned income. Compare the amounts before making the election.*




*If you are using your 2019 earned income to figure your 2020 EIC and you elected to include nontaxable combat pay, be sure to use 2019 nontaxable combat pay and enter that amount on the dotted line next to line 27.*

2. Were you self-employed at any time in 2020, or are you filing Schedule SE because you were a member of the clergy or you had church employee income, or are you filing Schedule C as a statutory employee?

☐ **Yes.** Skip question 3 and Step 6; go to Worksheet B. ☒ **No.** Continue 

3. If you have:
- 3 or more qualifying children, is your earned income less than \$50,954 (\$56,844 if married filing jointly)?
  - 2 qualifying children, is your earned income less than \$47,440 (\$53,330 if married filing jointly)?
  - 1 qualifying child, is your earned income less than \$41,756 (\$47,646 if married filing jointly)?
  - No qualifying children, is your earned income less than \$15,820 (\$21,710 if married filing jointly)?

☒ **Yes.** Go to Step 6. ☐ **No.** 

You can't take the credit.

## Step 6 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?

☐ **Yes.** See *Credit figured by the IRS*, later. ☒ **No.** Go to Worksheet A.



**Before you begin:** ✓ Be sure you are using the correct worksheet. Use this worksheet only if you answered “No” to Step 5, question 2. Otherwise, use Worksheet B.

**Part 1****All Filers Using Worksheet A**

1. Enter your earned income from Step 5.

<b>1</b>	
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2. Look up the amount on line 1 above in the EIC Table (right after Worksheet B) to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

<b>2</b>	0.
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If line 2 is zero,



You can't take the credit.

Enter “No” on the dotted line next to Form 1040 or 1040-SR, line 27.

3. Enter the amount from Form 1040 or 1040-SR, line 11.

<b>3</b>	
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4. Are the amounts on lines 3 and 1 the same?

☐ **Yes.** Skip line 5; enter the amount from line 2 on line 6.

☐ **No.** Go to line 5.

**Part 2****Filers Who Answered “No” on Line 4**

5. If you have:

- No qualifying children, is the amount on line 3 less than \$8,800 (\$14,700 if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than \$19,350 (\$25,250 if married filing jointly)?

☐ **Yes.** Leave line 5 blank; enter the amount from line 2 on line 6.

☐ **No.** Look up the amount on line 3 in the EIC Table to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

Look at the amounts on lines 5 and 2.

Then, enter the **smaller** amount on line 6.

<b>5</b>	
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**Part 3****Your Earned Income Credit**

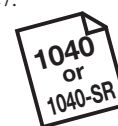
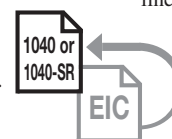
6. **This is your earned income credit.**

<b>6</b>	
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Enter this amount on Form 1040 or 1040-SR, line 27.

**Reminder—**

- ✓ If you have a qualifying child, complete and attach Schedule EIC.






If your EIC for a year after 1996 was reduced or disallowed, see Form 8862, who must file, *earlier*, to find out if you must file Form 8862 to take the credit for 2020.

## Recovery Rebate Credit Worksheet—Line 30

**Before you begin:** ✓ See the instructions for line 30 to find out if you can take this credit and for definitions and other information needed to fill out this worksheet.  
 ✓ If you received Notice 1444 and Notice 1444-B, have them available.

Don't include on line 16 or 19 any amount you received but later returned to the IRS.

1.	Can you be claimed as a dependent on another person's 2020 return? If filing a joint return, go to line 2. <input checked="" type="checkbox"/> <b>No.</b> Go to line 2. <input type="checkbox"/> <b>Yes.</b>  You can't take the credit. Don't complete the rest of this worksheet and don't enter any amount on line 30.	
2.	Does your 2020 return include a valid social security number (defined under <i>Valid social security number</i> , earlier) for you and, if filing a joint return, your spouse? <input checked="" type="checkbox"/> <b>Yes.</b> Skip lines 3 and 4, and go to line 5. <input type="checkbox"/> <b>No.</b> If you are filing a joint return, go to line 3. If you aren't filing a joint return,  you can't take the credit. Don't complete the rest of this worksheet and don't enter any amount on line 30.	
3.	Was at least one of you a member of the U.S. Armed Forces at any time during 2020, and does at least one of you have a valid social security number (defined under <i>Valid social security number</i> , earlier)? <input type="checkbox"/> <b>Yes.</b> Your credit is not limited. Go to line 5. <input type="checkbox"/> <b>No.</b> Go to line 4.	
4.	Does one of you have a valid social security number (defined under <i>Valid social security number</i> , earlier)? <input type="checkbox"/> <b>Yes.</b> Your credit is limited. Go to line 5. <input type="checkbox"/> <b>No.</b>  You can't take the credit. Don't complete the rest of this worksheet and don't enter any amount on line 30.	
5.	If your EIP 1 was \$1,200 (\$2,400 if married filing jointly) plus \$500 for each qualifying child you had in 2020, skip lines 5 and 6, enter zero on lines 7 and 16, and go to line 8. Otherwise, enter: • \$1,200 if single, head of household, married filing separately, qualifying widow(er), or if married filing jointly and you answered "Yes" to question 4, or • \$2,400 if married filing jointly and you answered "Yes" to question 2 or 3. ....	5. <u>1,200</u>
6.	Multiply \$500 by the number of qualifying children under age 17 at the end of 2020 listed in the Dependents section on page 1 of Form 1040 or 1040-SR for whom you either checked the "Child tax credit" box or entered an adoption taxpayer identification number .....	6. _____
7.	Add lines 5 and 6 .....	7. <u>1,200</u>
8.	If your EIP 2 was \$600 (\$1,200 if married filing jointly) plus \$600 for each qualifying child you had in 2020, skip lines 8 and 9, enter zero on lines 10 and 19, and go to line 11. Otherwise, enter: • \$600 if single, head of household, married filing separately, qualifying widow(er), or if married filing jointly and you answered "Yes" to question 4, or • \$1,200 if married filing jointly and you answered "Yes" to question 2 or 3. ....	8. <u>600</u>
9.	Multiply \$600 by the number of qualifying children under age 17 at the end of 2020 listed in the Dependents section on page 1 of Form 1040 or 1040-SR for whom you either checked the "Child tax credit" box or entered an adoption taxpayer identification number .....	9. _____
10.	Add lines 8 and 9 .....	10. <u>600</u>
11.	Enter the amount from line 11 of Form 1040 or 1040-SR .....	11. _____
12.	Enter the amount shown below for your filing status: • \$150,000 if married filing jointly or qualifying widow(er) • \$112,500 if head of household • \$75,000 if single or married filing separately } .....	12. <u>75,000</u>
13.	Is the amount on line 11 more than the amount on line 12? <input checked="" type="checkbox"/> <b>No.</b> Skip line 14. Enter the amount from line 7 on line 15 and the amount from line 10 on line 18. <input type="checkbox"/> <b>Yes.</b> Subtract line 12 from line 11.	13. _____
14.	Multiply line 13 by 5% (0.05) .....	14. _____
15.	Subtract line 14 from line 7. If zero or less, enter -0- .....	15. <u>1,200</u>
16.	Enter the amount, if any, of EIP 1 that was issued to you (before offset for any past-due child support payment). You may refer to Notice 1444 or your tax account information at <a href="https://www.irs.gov/Account">IRS.gov/Account</a> for the amount to enter here .....	16. _____
17.	Subtract line 16 from line 15. If zero or less, enter -0-. If line 16 is more than line 15, you don't have to pay back the difference .....	17. <u>1,200</u>
18.	Subtract line 14 from line 10. If zero or less, enter -0- .....	18. <u>600</u>
19.	Enter the amount, if any, of EIP 2 that was issued to you. You may refer to Notice 1444-B or your tax account information at <a href="https://www.irs.gov/Account">IRS.gov/Account</a> for the amount to enter here .....	19. _____
20.	Subtract line 19 from line 18. If zero or less, enter -0-. If line 19 is more than line 18, you don't have to pay back the difference .....	20. <u>600</u>
21.	<b>Recovery rebate credit.</b> Add lines 17 and 20. Enter the result here and, if more than zero, on line 30 of Form 1040 or 1040-SR .....	21. <u>1,800</u>