

2009 Advance Earned Income Tax Credit



***Get more in
your paycheck
and get a
tax refund, too!***

Find out more.



UNIVERSITY of NEW HAMPSHIRE
COOPERATIVE EXTENSION

Would you like more money in your paycheck?

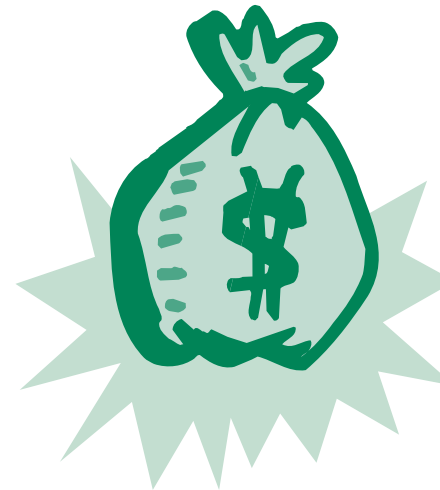
It's possible with the Earned Income Tax Credit Advance Payment Option.

You can get your Earned Income tax Credit year-round and get a tax refund, too.

Don't wait until you file a tax return to get a lump sum...get your earned income tax credit throughout the whole year.

A worker earning between \$490 and \$1,300 a month can get about \$50-\$60 extra in each bi-weekly paycheck. That means getting an extra \$100 to \$120 a month in your paycheck.

Think of what you could do with this extra money every paycheck! You could pay your bills, buy needed food, replace the worn tires on your car, or whatever you might need the money for.



How can I get advance earned income tax payments in 2009?

If you expect to earn an annual income of:

\$33,995 (or \$36,995 for married workers filing jointly) or less and have at least one qualifying child

What is a qualifying child?

A qualifying child is your child, adopted child, grandchild or stepchild, or may be an eligible foster child. A qualifying child can also be a sister, brother, stepsister or stepbrother that you cared for as your own. The child must have a social security number.

How old does the child have to be?

The child must be under the age of 19 at the end of 2009 or, under age 24 and a full-time student or, any age if permanently and totally disabled.

Where does the child need to live?

The child must have lived with you for more than half the year.

The home must be located in the United States. Military personnel stationed outside the United States on extended active duty are considered to have lived in the United States for earned income credit purposes.

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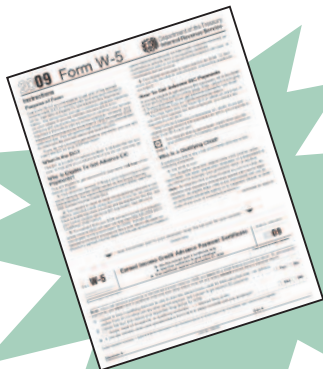
What do I need to do?

Advance earned income tax credit is easy to get. Ask your employer for a W-5 form called the "Earned Income Tax Credit Advance Payment Certificate." Fill it out and give the bottom part to your employer.

The W-5 can be filed at any time during the year. Once you're getting advance earned income tax credit in your paycheck, don't forget to fill out a new W-5 at the beginning of each year so you can continue getting the earned income tax credit in your paycheck.

Don't wait... fill out the W-5 form today!

For many workers, getting part of their earned income tax credit in each paycheck can make a difference in paying the rent, buying food, and meeting other day-to-day expenses.



Are there workers not eligible for the advance earned income tax credit?

Yes...

- Workers without qualifying children
- People with no Social Security and Medicare taxes withheld from their pay
- Workers who get paid day by day
- Self-employed workers, who can't advance the earned income tax credit to themselves.
- Workers whose investment income is more than \$2,950. Investment income is the total of taxable interest, ordinary dividends, tax-exempt interest, and capital gain distributions.

Is the advance earned income tax credit for everyone?

No here's why...

There are some workers who shouldn't choose the advance earned income tax credit payment:

- Workers who hold more than one job
- Workers with a working spouse, unless both spouses take advance payments
- Workers who get married during the year and both spouses work
- Workers who are expecting a big increase in income during the year.

Up to about half of the Earned Income tax Credit is paid in advance.

Changes in income or family size during the year can decrease the earned income tax credit for which workers are eligible.

If a worker continues to receive advance payments based on an incorrect estimate of yearly income, these payments may exceed the amount of the earned income tax credit. These workers have to send the IRS a check at tax time to make up the difference.

Will I owe money at the end of the year on my tax forms?

Some people are afraid they'll receive too much earned income tax credit in advance and then they'll have to owe money back to the IRS after the end of the year.

The advance payments procedure has built-in protections against overpayment. Up to \$1,750 of the earned income credit is paid in advance. The rest is paid in a lump sum after a tax form is filled out. A worker can only get part of the earned income tax credit and will get the rest as a refund when the tax return is filed.

What do I do when I file my tax return?

At the end of the year, workers who get advance payments during the year must file a tax return and include the total amount received in advance payments. Also a Schedule EIC must be completed and attached to your tax so you'll return get the rest of your earned income tax credit.



Want to learn more?

Go to the NH Statewide EITC Alliance website: <http://www.nheitc.org>



Call UNH Cooperative Extension Publications Center at 862-2346 to request the "Earned Income Tax Credit for Tax Year 2008" free brochure.