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The Earned Income Tax Credit (EITC): An Overview

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Summary

The Earned Income Tax Credit (EITC) is a refundable tax credit available to eligible workers earning relatively low wages. Because the credit is refundable, an EITC recipient need not owe taxes to receive the benefit. Eligibility for and the amount of the EITC are based on a variety of factors, including residence and taxpayer ID requirements, the presence of qualifying children, age requirements for childless recipients, and the recipient's investment income and earned income. Tax filers with income above certain thresholds—these thresholds are based on marital status and number of qualifying children—are ineligible for the credit.

The EITC varies based on a recipient's earnings. Specifically, the EITC equals a fixed percentage (the "credit rate") of earned income until the credit amount reaches its maximum level. The EITC then remains at its maximum level over a subsequent range of earned income, between the "earned income amount" and the "phase-out amount threshold." Finally, the credit gradually decreases to zero at a fixed rate (the "phase-out rate") for each additional dollar of adjusted gross income (AGI) (or earnings, whichever is greater) above the phase-out amount threshold. The specific values of these EITC parameters (e.g., credit rate, earned income amount) vary depending on several factors, including the number of qualifying children a tax filer has and his or her marital status. For the 2015 tax year, the maximum EITC for a tax filer without children is $503 per year. In contrast, the 2015 maximum EITC for a tax filer with one child is $3,359 per year; for two children, $5,548 per year; and for three or more children, $6,242 per year.

Two temporary modifications to the EITC were enacted as part of the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5), extended by P.L. 111-312 and P.L. 112-240, and made permanent by the Protecting Americans from Tax Hikes (PATH) Act (Division Q of P.L. 114-113). The first modification was a larger credit for families with three or more children, while the second reduced the EITC's marriage penalty.

The EITC is provided to individuals and families once a year, in a lump sum payment after individuals and families file their federal income tax return. The credit may be received in one of three ways: (1) a reduction in federal tax liability; (2) a refund from the Treasury if the tax filer has no income tax liability; or (3) a combination of a reduced federal tax liability and a refund. The amount of the credit a tax filer receives is based on the prior year's income, earnings, and family composition (marital status and number of qualifying children). That is, the EITC paid in 2016 will be based on factors from 2015.

The EITC cannot be counted as income in determining eligibility for or the amount of any federally funded public benefit program. An EITC refund that is saved by a tax filer does not count against the resource limits of any federally funded public benefit program for 12 months after the refund is received.

In 2013, a total of $68.1 billion was claimed by 28.8 million tax filers (19% of all tax filers), making the EITC the largest need-tested anti-poverty cash assistance program. In that year, 97% of all EITC dollars were claimed by families with children. However, there was considerable variation in the share of returns claiming the EITC by state, with a greater share filed in certain southern states compared to other regions of the country.

Contents

Figures

Tables

Appendixes

Contacts

Introduction

The Earned Income Tax Credit (EITC) is a refundable tax credit available to eligible workers with relatively low earnings. Because the credit is refundable, an EITC recipient need not owe taxes to receive the benefit. The credit is authorized by Section 32 of the Internal Revenue Code (IRC) and administered as part of the federal income tax system. In 2013, a total of $68.1 billion was claimed by 28.8 million tax filers, making the EITC the largest need-tested anti-poverty cash assistance program.

Under current law, the EITC is calculated based on a recipient's earned income, using one of eight different formulas, which vary depending on several factors, including the number of qualifying children a tax filer has (zero, one, two, or three or more) and his or her marital status (unmarried or married). All else being equal, the amount of the credit tends to increase with the number of eligible children the EITC claimant has. Indeed, most of the benefits of the EITC—97% of EITC dollars in 2013—go to families with children.

Two temporary modifications to the EITC were enacted under the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5), extended by P.L. 111-312 and P.L. 112-240, and made permanent by the Protecting Americans from Tax Hikes (PATH) Act (Division Q of P.L. 114-113). The first modification was a larger credit for families with three or more children, while the second reduced the EITC's marriage penalty.

This report provides an overview of the EITC, first discussing eligibility requirements for the credit, followed by how the credit is computed and paid. The report then provides data on the growth of the EITC since it was first enacted in 1975. Finally the report concludes with data on the EITC claimed on 2013 tax returns, examining EITC claims by number of qualifying children, income level, tax filing status, and location of residence.

Eligibility for the EITC

A tax filer must fulfill the following requirements to claim the EITC:

1. The tax filer must file a federal income tax return.[1]
2. The tax filer must have earned income.
3. The tax filer must meet certain residency and identification requirements.
4. The tax filer's children must meet relationship, residency, and age requirements to be considered qualifying children for the credit.
5. Childless workers who claim the credit must be between ages 25 and 64. (This age requirement *does not apply* to EITC claimants with qualifying children.)
6. The tax filer's investment income must be below a certain amount.
7. The tax filer must not be disallowed the credit due to prior fraud or reckless disregard of the rules when they previously claimed the EITC.

Additionally, a tax filer with income above a certain dollar amount (labelled as "income where credit = 0" in **Table 1**) will be ineligible for the credit. Given that this income level is dependent on the number of qualifying children and marital status of the tax filer, this requirement is discussed in greater detail in the section of the report entitled "Calculating the EITC."

[1] A tax filer who is claimed as a dependent on another person's tax return is ineligible for the EITC.

Requirements (1) through (7) are discussed in detail below.

Filing a Federal Income Tax Return

To be eligible for the EITC, a person must file a federal income tax return. Those who do not file a federal income tax return cannot receive the EITC.

The EITC can be claimed by taxpayers filing their tax return as married filing jointly, head of household, or single.[2] Tax filers cannot claim the EITC if they use the filing status of married filing separately. If the tax filer has a qualifying child, the tax filer must include the child's name and Social Security number on a separate schedule (Schedule EIC) filed with the federal tax return.[3]

Earned Income

A tax filer must have earned income to claim the EITC. Earned income for the EITC is defined as wages, tips, and other compensation included in gross income. It also includes net self-employment income (self-employment income after deduction of one-half of Social Security payroll taxes paid by a self-employed individual).

In addition, service members may elect to include combat pay in their earnings when calculating the EITC. All income earned by a member of the Armed Forces while in a designated combat zone is considered combat pay and is normally *not included* in taxable income. However, a tax filer may elect to include combat pay as earnings for the purpose of calculating the EITC.[4] Generally, service members will make this election if it results in a larger credit. (Using combat pay to calculate the EITC does not make the combat pay taxable income.)

Certain forms of income are not considered earnings for the purpose of the EITC. These include pension and annuity income, income of nonresident aliens not from a U.S. business, income earned while incarcerated for work in a prison, and TANF benefits paid in exchange for participation in work experience or community service activities.

Finally, tax filers who claim the foreign earned income exclusion (i.e., they file Form 2555 or Form 2555EZ with their federal income tax return) are ineligible to claim the EITC.[5]

Residency and Identification Requirements

Under current law, an EITC recipient must be a resident of the United States, unless the recipient resides in another country because of U.S. military service. To be eligible for the credit, the tax

[2] There is an additional filing status that may claim the EITC—"qualifying widow(er) with dependent child." Generally, tax filers may file their tax return as married filing jointly in the year their spouse died. A tax filer may be eligible to use qualifying widow(er) with dependent child as his or her filing status for two years following the year his or her spouse died. This filing status entitles the tax filer to use joint return tax rates and the highest standard deduction amount (if he or she does not itemize deductions). It does not entitle the tax filer to file a joint return. The tax filer calculates the EITC using the formula for other unmarried tax filing statuses (head of household and single). The eligibility rules for this filing status can be found on page 10 of IRS Publication 501, available at http://www.irs.gov/pub/irs-pdf/p501.pdf.

[3] The 2015 version of this form can be found at https://www.irs.gov/pub/irs-pdf/f1040sei.pdf.

[4] For more information, see http://www.irs.gov/Individuals/Special-EITC-Rules.

[5] See Internal Revenue Code (IRC) §32(c)(1)(C) and http://www.irs.gov/Individuals/EITC,-Earned-Income-Tax-Credit,-Questions-and-Answers.

filer must provide valid Social Security numbers (SSNs) for work purposes[6] for themselves, spouses if married filing jointly, and any qualifying children. (U.S. citizenship is not required to be eligible for the credit. SSNs do not indicate U.S. citizenship.) Nonresident aliens—those that do not spend sufficient time in the United States—are generally ineligible for the EITC.[7]

Qualifying Children

An EITC recipient's qualifying child must meet three requirements.[8] First, the child must have a specific *relationship* to the tax filer (son, daughter, step child or foster child,[9] brother, sister, half-brother, half-sister, step brother, step sister, or descendent of such a relative). Second, the child must share a *residence* with the taxpayer for more than half the year in the United States.[10] Third, the child must meet certain *age requirements*; namely, the child must be under the age of 19 (or age 24, if a full-time student) or be permanently and totally disabled.

As a result of these three requirements, a child may be the qualifying child of more than one tax filer in the same household. For example, a child who lives with a single parent, grandparent, and aunt in the same home could be a qualifying child of all three of these individuals. But only one of these individuals can claim the qualifying child for the EITC, and the others cannot. Indeed, it appears that under current law, the other individuals are also ineligible to claim the childless EITC.[11] In the case where the tax filers cannot agree on who claims the child, there are "tie-breaker" rules for who can claim the child for the EITC.[12]

Age Requirements for EITC Recipients with No Qualifying Children

If a tax filer has *no qualifying children*, he or she must be between 25 and 64 years of age to be eligible for the EITC. There is no age requirement for tax filers *with qualifying children.*

[6] For more information on Social Security numbers valid for work purposes, see CRS Legal Sidebar WSLG823, *Social Security Number or Individual Taxpayer Identification Number for Tax Credit? That is the Question*, by (name red acted), (name redacted), and (name redacted) and CRS Legal Sidebar WSLG723, *They've Got Your Number: Who Can Get A Social Security Card*, by (name redacted).

[7] For more information, see CRS Report RS21732, *Federal Taxation of Aliens Working in the United States*, by (name redacted) and http://www.irs.gov/Individuals/International-Taxpayers/Determining-Alien-Tax-Status. In addition, for the EITC, a nonresident alien may be eligible to claim the credit if they are married to a U.S. citizen or resident alien, make the election to be treated as a resident alien, and file a joint return.

[8] If an individual is the qualifying child for the purposes of the EITC of another person, that individual cannot themselves claim the EITC. For more information, see http://www.irs.gov/Individuals/EITC,-Earned-Income-Tax-Credit,-Questions-and-Answers.

[9] If placed by an authorized agency or court order.

[10] Qualifying children who reside with a service member who is stationed outside the United States while serving on extended active duty with the U.S. Armed Forces are considered to reside in the United States for the purposes of the EITC.

[11] Currently, there is no Federal regulation which states that taxpayers with a qualifying child who do not claim that qualifying child for the EITC are ineligible for the credit. However, the website of the Internal Revenue Service does state that such individuals are ineligible for the childless EITC. For more information, see http://www.irs.gov/Individuals/Qualifying-Child-of-More-Than-One-Person.

[12] The tie-breaker rules are: (1) if both tax filers are parents of the child, the parent with whom the child resided the longest during the year claims the child for the EITC; (2) if the child resided with each parent for the same amount of time during the year, the parent with the highest adjusted gross income (AGI) claims the child for the EITC; (3) if only one tax filer is the parent of the child, the tax filer who is the parent claims the child for the EITC; and (4) if neither tax filer is the parent of the child, the tax filer with the highest AGI claims the child for the EITC.

Investment Income

A tax filer with investment income over a certain dollar amount is ineligible for the EITC. The statutory limit—$2,200—is adjusted annually for inflation. For 2015, the limit on investment income is $3,400. Investment income is defined as interest income (including tax-exempt interest), dividends, net rent, net capital gains, and net passive income. It also includes royalties that are from sources other than the filer's ordinary business activities.

Disallowance of the EITC Due to Fraud or Reckless Disregard of Rules

A tax filer is barred from claiming the EITC for a period of 10 years after the IRS makes a final determination to reduce or disallow a tax filer's EITC because that individual made a fraudulent EITC claim. A tax filer is barred from claiming the EITC for a period of two years after the IRS determines that the individual made an EITC claim "due to reckless and intentional disregard of the rules" of the EITC, but that disregard was not found to be fraud.[13]

Calculating the EITC

The EITC amount is based on formulas that consider earned income, number of qualifying children, marital status, and adjusted gross income (AGI). In general, the EITC equals a fixed percentage (the "credit rate") of earned income until the credit reaches it maximum amount. The EITC then remains at its maximum level over a subsequent range of earned income, between the "earned income amount" and the "phase-out amount threshold." Finally, the credit gradually decreases in value to zero at a fixed rate (the "phase-out rate") for each additional dollar of earnings or AGI (whichever is greater) above the phase-out amount threshold. The specific values of these EITC parameters (e.g., credit rate, earned income amount, etc.) vary depending on several factors, including the number of qualifying children a tax filer has and his or her marital status, as illustrated in **Table 1**.

Table 1. EITC Tax Parameters by Marital Status and Number of Qualifying Children for 2015

Number of Qualifying Children	0	1	2	3 or more
unmarried tax filers (single and head of household filers)				
credit rate	7.65%	34%	40%	45%
earned income amount	$6,580	$9,880	$13,870	$13,870
maximum credit amount	$503	$3,359	$5,548	$6,242
phase-out amount threshold	$8,240	$18,110	$18,110	$18,110
phase-out rate	7.65%	15.98%	21.06%	21.06%
income where credit = 0	$14,820	$39,131	$44,454	$47,747
married tax filers (married filing jointly)				
credit rate	7.65%	34%	40%	45%

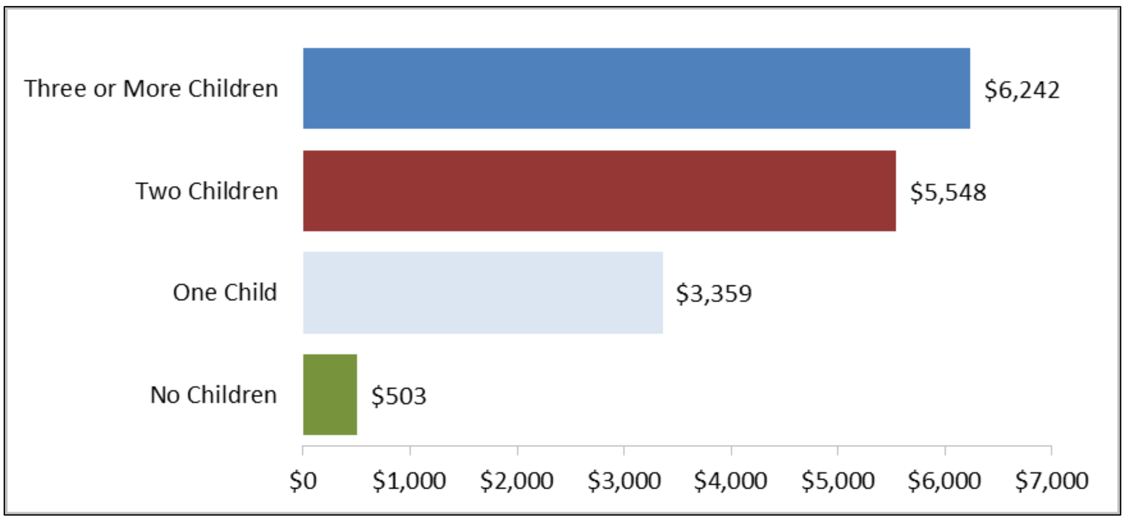
[13] See IRC §32(k).

Number of Qualifying Children	0	1	2	3 or more
earned income amount	$6,580	$9,880	$13,870	$13,870
maximum credit amount	$503	$3,359	$5,548	$6,242
phase-out amount threshold	$13,750	$23,630	$23,630	$23,630
phase-out rate	7.65%	15.98%	21.06%	21.06%
income where credit = 0	$20,330	$44,651	$49,974	$53,267

Source: IRS Revenue Procedure 2014-61 and Internal Revenue Code (IRC) Section 32.

As illustrated in **Table 1**, the EITC's earned income amounts, credit rates, phase-out rates, and maximum credit amounts vary by the number of qualifying children a tax filer has. The EITC ranges from a maximum credit of $503 for a tax filer without a child to $6,242 for a tax filer with three or more qualifying children, as illustrated in **Figure 1**.

Figure 1. Maximum EITC by Number of Qualifying Children: 2015



Source: Congressional Research Service based on IRS Revenue Procedure 2014-61 and Internal Revenue Code (IRC) Section 32

The phase-out amount threshold varies by *both* the number of qualifying children a tax filer has and his or her marital status. The phase-out amount threshold for those who are married filing joint returns is $5,520 greater than for unmarried filing statuses with the same number of children. (Tax filers who file as married filing separately are ineligible for the EITC.) This higher phase-out amount threshold for married tax filers reduces (but generally does not eliminate) potential "marriage penalties" in the EITC whereby the credit for a married couple is less than the combined credit of two unmarried recipients.

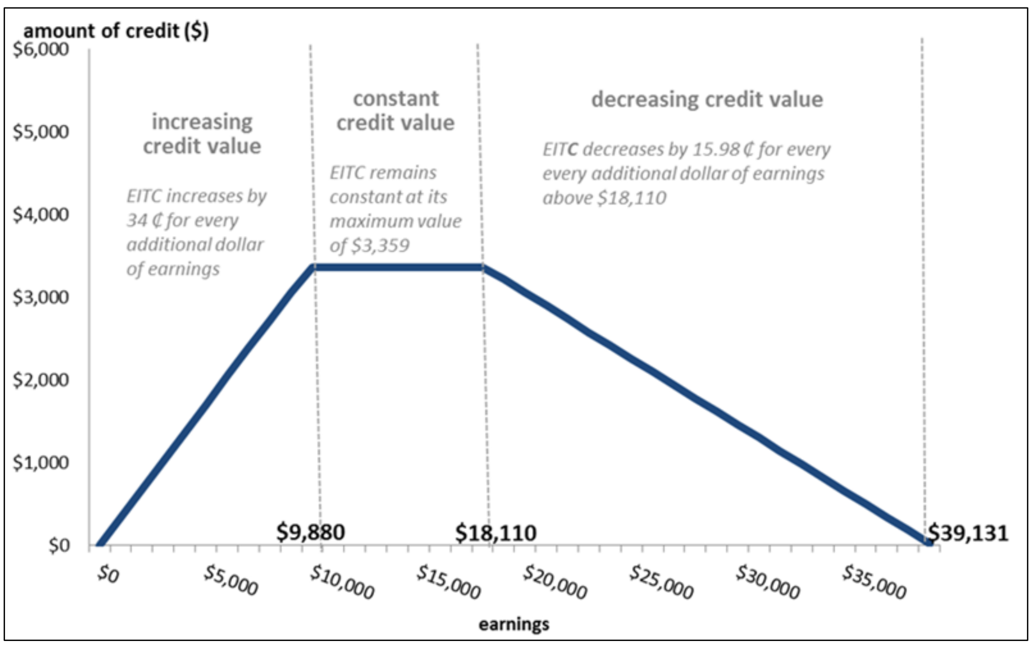
Figure 2 illustrates the EITC amount by earnings level for an unmarried taxpayer with one child for 2015. It shows the three distinct ranges of EITC for this family:

- **Phase-in Range:** The EITC increases with earnings from the first dollar of earnings up to earnings of $9,880. Over this earnings range, the credit equals the *credit rate* (34% for a tax filer with one child) times the amount of annual earnings. The $9,880 threshold is called the *earned income amount* and is the earnings level at which the EITC ceases to increase with earned income. The income interval up to the earned income amount, where the EITC increases with earnings, is known as the *phase-in range*.

- **Plateau:** The EITC remains at its maximum level of $3,359 from the earned income amount ($9,880) until earnings exceed $18,1100. The $3,359 credit represents the *maximum credit* for a tax filer with one child in 2015. The income interval with the EITC fixed at its maximum value represents the *plateau* on **Figure 2**.
- **Phase-out Range:** Once earnings exceed $18,110, the EITC is reduced for every additional dollar over that amount. The $18,110 threshold is known as the *phase-out amount threshold* for a single taxpayer with one child in 2015. For each dollar over the phase-out amount threshold, the EITC is reduced by 15.98%. The 15.98% rate is known as the *phase-out rate*. The income interval from the phase-out income level until the EITC is completely phased out is known as the *phase-out range*.

The EITC is completely phased out (EITC = $0) once the tax filer's AGI (or earned income, whichever is greater) reaches $39,131. The earned income amounts and the phase-out amount thresholds are adjusted each year for inflation.

Figure 2. Amount of the EITC for an Unmarried Tax Filer with One Child, 2015



Source: Congressional Research Service, based on information in IRS Revenue Procedure 2014-61 and Internal Revenue Code Section 32

In practice, EITC claimants use tables published by the IRS to calculate their credit amount. A tax filer can look up the correct amount of his or her EITC based on income, marital status, and number of qualifying children. The instructions for the federal income tax form[14] show the EITC amounts in tables by income brackets (in $50 increments).

[14] The tables can be found, for 2015 returns, beginning on page 62 of the Form 1040 general instructions, at https://www.irs.gov/pub/irs-pdf/i1040gi.pdf.

Income Limits for the EITC

As previously discussed, the amount of the EITC is reduced for each dollar of AGI (or earnings, if greater) above a certain dollar threshold, referred to as the phase-out amount threshold. That threshold, combined with the phase-out rate, results in a specific income level (referred to as "income where credit = 0" in **Table 1**) above which a tax filer is ineligible for the credit. This income level, where the credit reaches zero, is sometimes referred to as the *eligibility threshold*.

As illustrated in **Table 1**, there are eight eligibility thresholds for the EITC depending on the number of qualifying children a taxpayer has and his or her marital status. The eligibility thresholds vary every year given that they are based in part on a parameter of the credit—the phase-out amount threshold—that is explicitly adjusted for inflation. **Table 2** shows the EITC eligibility thresholds for 2015. An EITC claimant's AGI (or earnings, if higher) must be below these thresholds for the claimant to qualify for the EITC. In 2015, these thresholds range from $14,820 for an unmarried tax filer with no qualifying child to $53,267 for a married tax filer filing jointly with three or more qualified children.

Table 2 expresses these eligibility thresholds as a percentage of the 2015 poverty guidelines. For example, the poverty guideline for a family of four in 2015 was $24,250. Families of four with income at or below this amount are considered poor. The EITC eligibility threshold of $49,974 for a married couple filing jointly with two qualifying children was more than twice (206.1 %) the poverty guideline for a family of that type.

Table 2 also expresses these eligibility thresholds as a percentage of the earnings of one worker who works a minimum wage job ($7.25 per hour) 40 hours per week, 52 weeks a year ($15,080 annually). For the purposes of the calculations in **Table 2**, married EITC recipients are assumed to have the same aggregate annual earnings as unmarried recipients—$15,080. The EITC was available in 2015 to all families at this earnings level except an unmarried taxpayer with no children. The EITC was available to families with children who had earnings between 2.5 to 3.5 times the annual earnings from a minimum wage job (259.5% to 353.2% of $15,080).

Table 2. Maximum AGI to Qualify for the EITC, by Number of Qualifying Children and Filing Status in 2015

	No Qualifying Children	One Qualifying Child	Two Qualifying Children	Three or More Qualifying Children
		In dollars		
Unmarried	$14,820	$39,131	$44,454	$47,747
Married Filing Jointly	$20,330	$44,651	$49,974	$53,267
		As a percentage of the poverty threshold		
Unmarried	125.9%	245.6%	221.3%	196.9%[a]
Married Filing Jointly	127.6%	222.3%	206.1%	187.5%[b]
		As a percentage of work at the federal minimum wage, 40 hours per week, 52 weeks per year		
Unmarried	98.3%	259.5%	294.8%	316.6%
Married Filing Jointly	134.8%	296.1%	331.4%	353.2%

Source: Congressional Research Service calculations based on IRS Revenue Procedure 2014-61, Internal Revenue Code (IRC) Section 32 and the 2015 Poverty Guidelines available at https://aspe.hhs.gov/2015-poverty-guidelines#guidelines.

a. Represents the EITC AGI threshold divided by the poverty guidelines for a family of 4.
b. Represents the EITC AGI threshold divided by the poverty guidelines for a family of 5.

Payment of the EITC

The EITC is provided to individuals and families annually in a lump sum payment after a taxpayer files a federal income tax return.[15] It may be received in one of three ways:

1. a reduction in federal tax liability;
2. a cash payment from the Treasury if the tax filer has no tax liability, through a tax refund check; or
3. a combination of reduced federal tax liability and a refund.

The majority (87%) of the aggregate amount of the EITC—$68.1 billion in 2013—is received as a refund.[16] In other words, $59.1 billion of the EITC was received as a refund in 2013, while approximately $8.9 billion offset tax liabilities.

The EITC is taken against all taxes reported[17] on the federal individual income tax return (Form 1040) after all nonrefundable credits have been taken. On the tax form, the EITC can be found in the payments section after the lines for withholding and estimated tax payments.

The EITC benefits families when they file their income taxes. Thus, payments are generally based on the prior year's income, earnings, and family composition. That is, the EITC paid in 2016 is generally based on earnings, income, and family composition in 2015.

Interaction with Other Tax Provisions

On the tax return, the EITC is calculated after total tax liability and all nonrefundable credits. Nonrefundable tax credits, which are taken against (reduce) income tax liability, include credits for education, dependent care, savings, and the nonrefundable portion of the child credit.[18] If an EITC-eligible family has a tax liability and can use one or more of these credits, the total amount of their EITC will remain unchanged, but *how they receive the credit* will change. If nonrefundable tax credits can reduce a family's tax liability, a greater amount of their EITC will be received as a refund, and less will offset their tax liability since their tax liability is smaller.

For tax filers whose income places them in the "phase-out range" of the credit, reducing their income (all else being unchanged) will result in a larger EITC. (As illustrated in **Figure 2**, reducing income when a tax filer is in the phase-out range results in the tax filer increasing the amount of the credit they receive.) A variety of forms of income can be excluded from both AGI and earned income, reducing a taxpayer's AGI or earned income for purposes of calculating the credit. For example, pre-tax contributions to savings accounts for retirement or medical expenses

[15] Before 2011, any persons with a qualified child eligible for the EITC could elect to receive advance payment of the credit through the employer's payroll withholding system by filing an eligibility certificate (Form W-5) with his or her employer. The option was little used and eliminated by P.L. 111-226.

[16] For more information, see IRS Statistics of Income, Table 2.5 at http://www.irs.gov/uac/SOI-Tax-Stats—Individual-Statistical-Tables-by-Size-of-Adjusted-Gross-Income.

[17] These taxes include the regular income tax and alternative income tax, as well as self-employment taxes. Less common taxes, like unreported Social Security and Medicare taxes and certain taxes on IRAs, are also included. For an example of these taxes, see lines 57 through 62 on the 2015 IRS Form 1040, https://www.irs.gov/pub/irs-pdf/f1040.pdf.

[18] For more information on the nonrefundable (and refundable) portion of the child tax credit, see CRS Report R41873, *The Child Tax Credit: Current Law and Legislative History*, by (name redacted) .

are not included in either AGI or earned income. Hence, by making these contributions, EITC claimants whose pre-contribution income places them in the phase-out range of the credit will reduce their AGI or earned income for purposes of calculating the EITC and thus receive a larger credit.[19]

In contrast, for tax filers whose income places them in the "phase-in range" of the credit, reducing their income (all else unchanged) will result in a smaller EITC. (As illustrated in **Figure 2**, reducing income when a tax filer is in the phase-in range results in the tax filer reducing the amount of the credit they receive.) Generally, non-taxable income cannot be included in earned income for purposes of calculating the EITC. However, as previously discussed, service members may elect to include their nontaxable combat pay as earnings, for purposes of calculating the EITC. Generally, service members whose income (excluding their combat-pay) places them in the phase-in range will elect to include their combat pay in earned income for purposes of calculating the EITC in order to receive a larger credit.

Treatment of the EITC for Need-Tested Benefit Programs

By law,[20] the EITC cannot be counted as income in determining eligibility for, or the amount of, any federally funded public benefit program including Supplemental Nutrition Assistance Program (SNAP) food assistance, low-income housing, Medicaid, Supplemental Security Income (SSI), and Temporary Assistance for Needy Families (TANF). An EITC refund that is saved by the filer does not count against the resource limits of any federally funded public benefit program for 12 months after the refund is received.

Modifications to the EITC Made Permanent by P.L. 114-113

Two temporary modifications to the EITC were enacted by the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5). First, ARRA enacted a temporary larger credit for families with three or more children by creating a new higher credit rate of 45% (previously, these tax filers were eligible for a credit rate of 40%). Second, ARRA expanded marriage penalty relief by increasing the earnings level at which the credit phased out for married tax filers in comparison to unmarried tax filers with the same number of children. Before ARRA, the EITC for married tax filers would begin to phase out for earnings $3,000 (adjusted for inflation) greater than the level for unmarried recipients with the same number of children. ARRA increased this differential to $5,000 (adjusted for inflation). In 2015, this marriage penalty relief was equal to $5,520.These two changes were originally scheduled to be in effect only for 2009 and 2010. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) extended these ARRA provisions for two years (2011 and 2012). The American Taxpayer Relief Act (ATRA; P.L. 112-240) extended the ARRA provisions for five more years (2013-2017). The Protecting Americans from Tax Hikes (PATH) Act (Division Q of P.L. 114-113) made these two modifications permanent.

[19] In contrast, if the pre-contribution income places them in the plateau or the phase-in range, decreasing their earned income by making certain pre-tax savings contributions may either have no impact or result in a smaller credit.

[20] The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) included a provision which made tax refunds, including those resulting from the EITC, disregarded in the administration of federal programs and federally assisted programs. At the end of 2012, this provision was made permanent by the American Taxpayer Relief Act of 2012 (P.L. 112-240).

Participation and Benefits

The EITC was first enacted in 1975 as a temporary measure meant to encourage economic growth in the face of the 1974 recession and rising food and energy prices. It was also originally intended to "assist in encouraging people to obtain employment, reducing the unemployment rate, and reducing the welfare rolls."[21] Over time the list of EITC objectives has grown to include poverty reduction. Today the EITC is the largest need-tested, cash benefit anti-poverty program. This section first provides a historical overview of the growth of the EITC from 1975 to 2013; it then examines information on EITC participation for 2013.

Trends in Participation and EITC Benefits

When originally enacted by the Tax Reduction Act of 1975 (P.L. 94-12), the EITC was a temporary refundable tax credit in effect for 1975. For that year, 6.2 million tax filers claimed the EITC and the total EITC amount claimed was $1.25 billion (in constant 2013 dollars, this equals $5.4 billion). The credit was extended several more times on a temporary basis and made permanent by the Revenue Act of 1978 (P.L. 95-600). Legislation enacted in 1986 (P.L. 99-514), 1990 (P.L. 101-508), 1993 (P.L. 103-66), 2001 (P.L. 107-16), and 2009 (P.L. 111-5) increased the amount of the credit by changing the credit formula.

Before 1990, the credit amount was calculated as a percentage of earnings ("the credit rate") up until the earned income amount. The credit then remained at its maximum level before gradually decreasing in value as earnings increased. Legislative changes to the credit made during this time generally increased the amount of the credit in a variety of ways including increasing the credit rate, increasing the earned income amount, increasing the phase-out amount threshold, and decreasing the phase-out rate. Nonetheless, the credit amount depended on earned income.

Beginning in 1990 and more substantially in 1993, the credit formula was revised such that the credit amount varied based on earnings and, to a certain extent, the number of qualifying children. This essentially increased the credit by family size. In addition, for the first time in 1993, Congress made workers *without* qualifying children eligible for the EITC, although the credit was smaller than the credit for claimants *with* qualifying children.

In 2001, the credit formula was revised again so that it also varied based in part on marital status. As a result of this change, often referred to as "marriage penalty relief," certain married tax filers would receive a larger credit than unmarried tax filers with the same number of children. In 2009, the marriage penalty relief was expanded further and a larger credit was created for families with three or more children. These 2009 changes were extended several times and made permanent by P.L. 114-113.

Figure 3 shows the number of tax filers claiming the EITC from 1975 to 2013. **Figure 4** shows the amount of the EITC claimed on these returns, with dollar amounts adjusted for inflation to represent 2013 dollars. The figures show the effects of the legislative expansions of the EITC, with the credit experiencing growth in the late 1980s through the mid-1990s and then again in the 2000s. As shown on **Figure 4**, throughout the history of the EITC, most credits have been paid in the form of refunds, with a relatively small share of the EITC reducing regular federal income tax liability.

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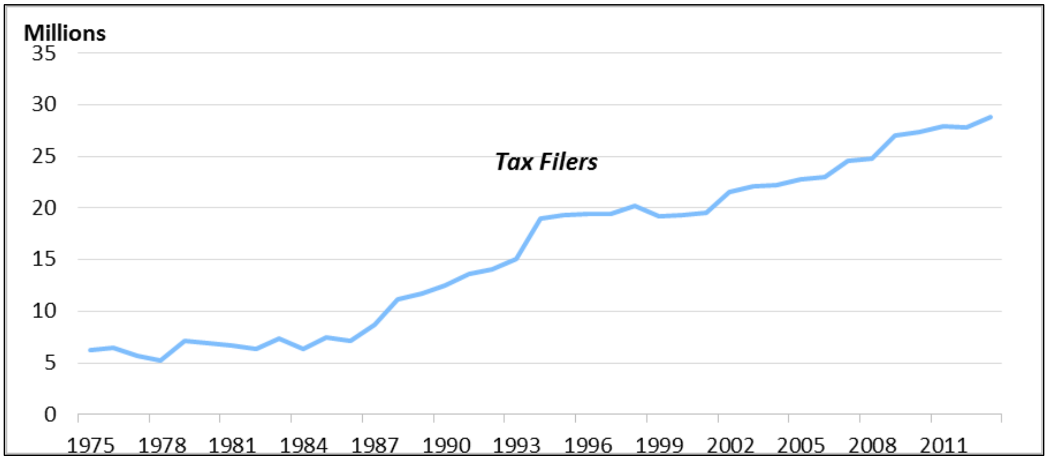
[21] U.S. Congress, Senate Committee on Finance, *Tax Reduction Act of 1975*, Report to Accompany H.R. 2166, 94th Cong., 1st sess., March 17, 1975, S. Report 94-36, p. 33.

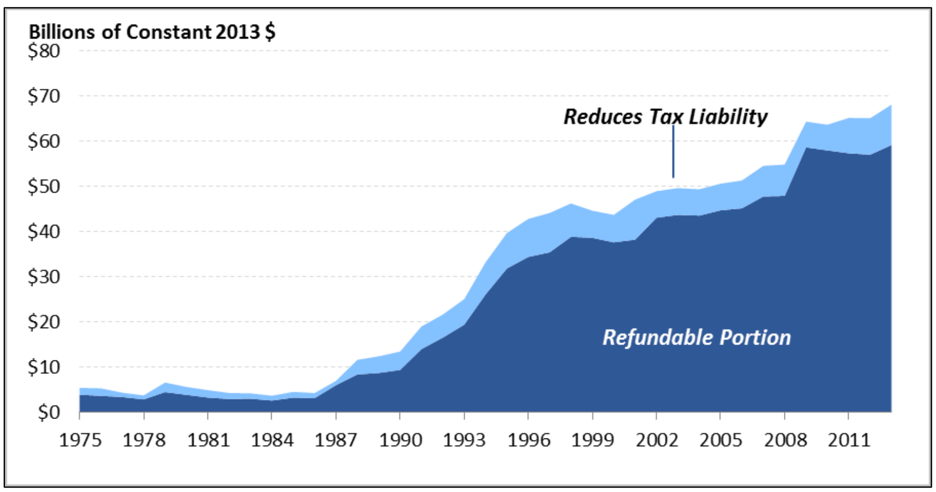
Figure 3. Number of Tax Filers Claiming the EITC: 1975 to 2013



Source: Congressional Research Service. For pre-2003 data, U.S. Congress, House Committee on Ways and Means, 2004 Green Book, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, 108th Congress, 2nd session, WMCP 108-6, March 2004, pp.13-41. For 2003 and later data, Internal Revenue Service, *Total File, United States, Individual Income and Tax Data, by State and Size of Adjusted Gross Income, 2003 through 2013*, expanded unpublished version, Table 2.5.

Note: For a tabular display of this information, see **Table A-1**.

Figure 4. EITC Claimed on Federal Income Tax Returns: 1975-2013

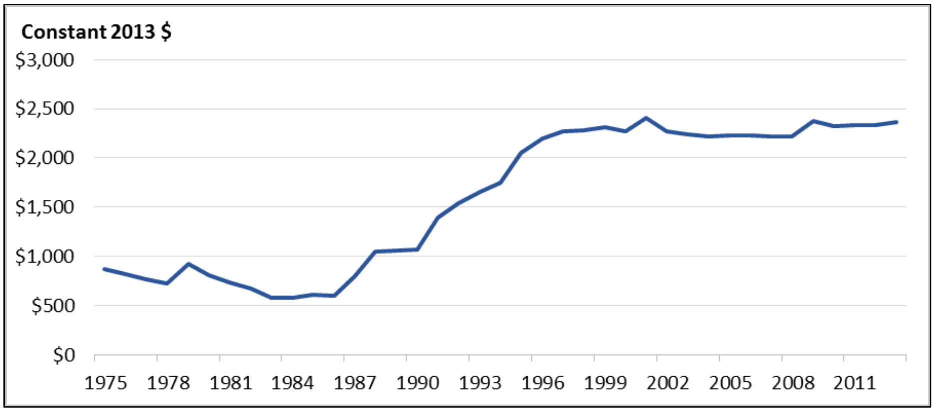


Source: Congressional Research Service. For pre-2003 data, U.S. Congress, House Committee on Ways and Means, 2004 Green Book, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, 108th Congress, 2nd session, WMCP 108-6, March 2004, pp.13-41. For 2003 and later data, Internal Revenue Service, *Total File, United States, Individual Income and Tax Data, by State and Size of Adjusted Gross Income, 2003 through 2013*, expanded unpublished version, Table 2.5.

Notes: Constant 2013 dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U). For a tabular display of this information, see **Table A-1**.

The growth in the total amount of EITC claimed in the late 1980s to the mid-1990s was due to not only increases in participation, but also in the average credit received by tax filers. **Figure 5** shows the average EITC claimed for 1975 to 2013, in inflation-adjusted (2013) dollars. Before the 1986 Tax Reform Act (P.L. 99-514), EITC thresholds were not indexed for inflation, and the average credit lost value each year. However, the 1986 act increased the monetary parameters of the credit for prior inflation and adjusted the threshold amounts and maximum credits annually for inflation in future years. The credit formula was also revised in 1990 and then again in 1993 such that the amount of the credit depended to a certain extent on family size. These changes resulted in an increasing average credit between the late 1980s and late 1990s. Since then, the average credit has largely maintained its real value. However, increases in the average credit amount in 2001 and 2009 were likely due to legislative changes that included larger credits for some married claimants and for families with three or more children.[22]

Figure 5. Average EITC Claimed: 1975 to 2013



Source: Congressional Research Service. For pre-2003 data, U.S. Congress, House Committee on Ways and Means, 2004 Green Book, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, 108th Congress, 2nd session, WMCP 108-6, March 2004, pp.13-41. For 2003 and later data, Internal Revenue Service, *Total File, United States, Individual Income and Tax Data, by State and Size of Adjusted Gross Income, 2003 through 2013*, expanded unpublished version, Table 2.5.

Notes: Constant 2013 dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U). For a tabular display of this information, see **Table A-1**.

Participation and EITC Amounts Claimed for 2013

For 2013, $68.1 billion of the EITC was claimed on 28.8 million tax returns.

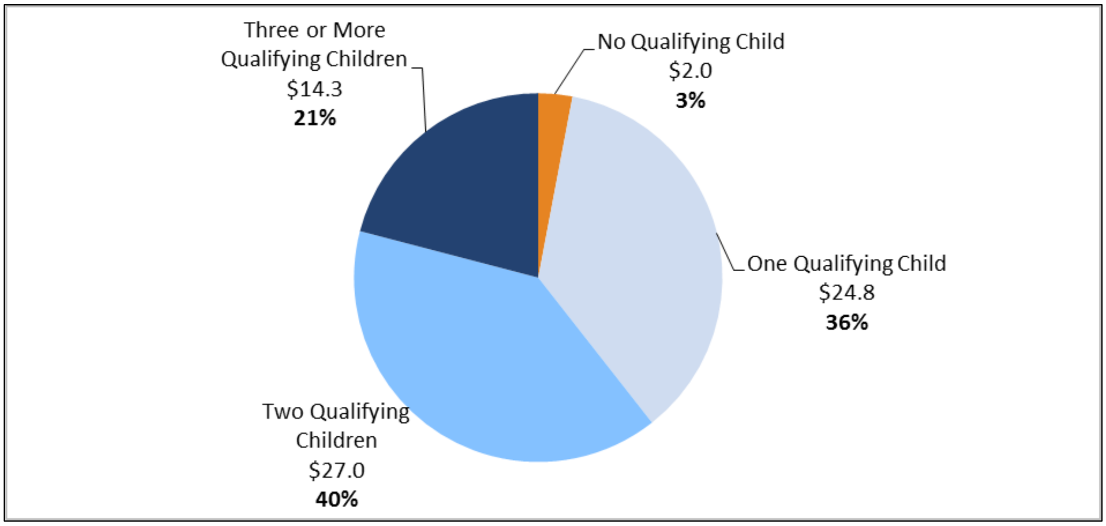
Number of Qualifying Children

Most tax filers claiming the EITC, and those who received the most EITC dollars, were families with children. **Figure 6** shows total EITC dollars claimed for 2013 by number of qualifying children. For 2013, 3% of all EITC dollars were claimed by tax filers with no qualifying children and 97% were claimed by tax filers with qualifying children. Of this 97%, 36% were claimed by tax filers with one qualifying child, 40% were claimed by tax filers with two qualifying children, and 21% were claimed by tax filers with three or more qualifying children.

[22] The increase in the value of the credit in 2009 is likely due to the changes made by the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) which expanded the credit for families with three or more children and increased marriage penalty relief.

Figure 6. Total EITC Dollars Claimed for 2013, by Number of Qualifying Children

Dollars in Billions, Total EITC Claimed = $68.1 Billion



Source: Congressional Research Service, based on data from the U.S. Department of Treasury, Internal Revenue Service, *SOI Tax Stats - Individual Income Tax Returns Publication 1304*, Table 2.5.

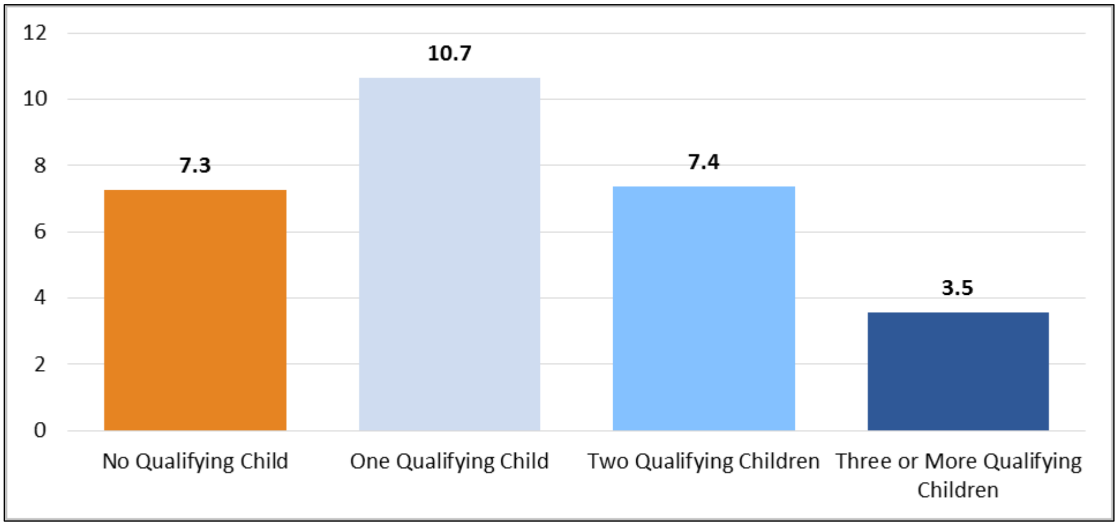
Though childless tax filers claimed 3% of all EITC dollars for 2013, they accounted for close to one-fourth of all tax filers that claimed the EITC. Thus, their small share of total EITC dollars reflects, in part, the lower credit amount available to childless filers.

Figure 7 shows the number of returns claiming the EITC for 2013 by number of qualifying children. **Figure 8** shows the average EITC claimed for 2013 by number of qualifying children, with the overall average amount of the EITC claimed being $2,362. The average EITC for 2013 increased with the number of qualifying children a tax filer claimed:

- The EITC was claimed by 7.3 million tax filers with no qualifying children, with an average claim of $280
- The EITC was claimed by 10.7 million filers with one qualifying child, with an average claim of $2,326.
- The EITC was claimed by 7.4 million filers with two qualifying children, with an average claim of $3,667.
- The EITC was claimed by 3.5 million filers with three or more qualifying children, with an average claim of $4,022.

Figure 7. Number of Tax Returns with EITC Claims for 2013, by Number of Qualifying Children

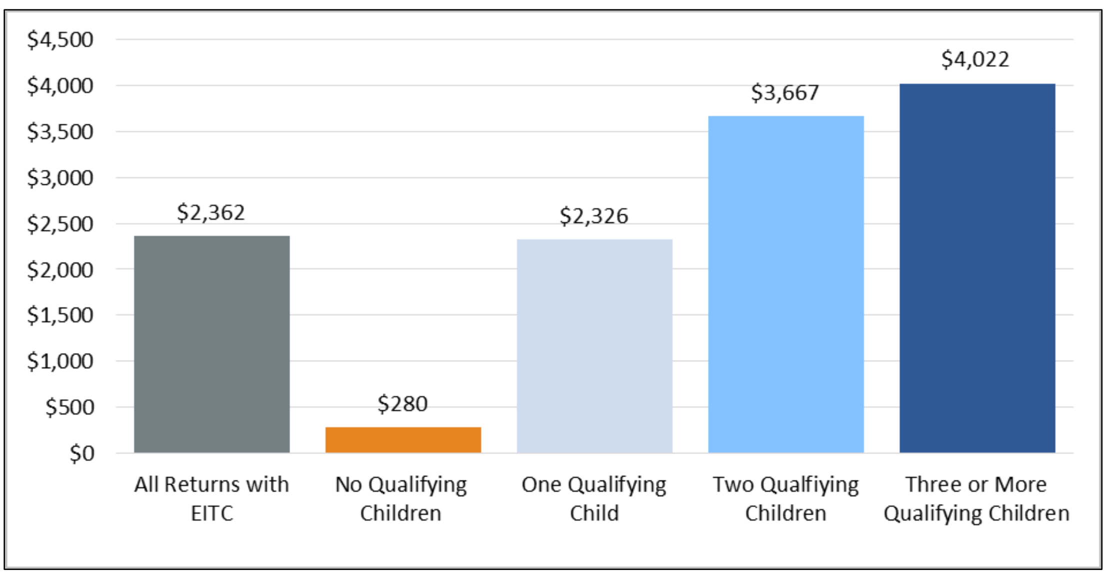
Number in Millions, Total Number of Returns Claiming the EITC = 28.8 million



Source: Congressional Research Service, based on data from the U.S. Department of Treasury, Internal Revenue Services, *SOI Tax Stats - Individual Income Tax Returns Publication 1304*, Table 2.5.

Notes: Detail does not add to total because of rounding. For detail on returns claiming the EITC by AGI and number of qualifying children, see **Table A-2**.

Figure 8. Average EITC Claimed by Tax Filers in 2013, by Number of Qualifying Children



Source: Congressional Research Service, based on data from the U.S. Department of Treasury, Internal Revenue Services, *SOI Tax Stats - Individual Income Tax Returns Publication 1304*, Table 2.5.

Note: For detail on returns claiming the EITC by AGI and number of qualifying children, see **Table A-2**.

Income Level

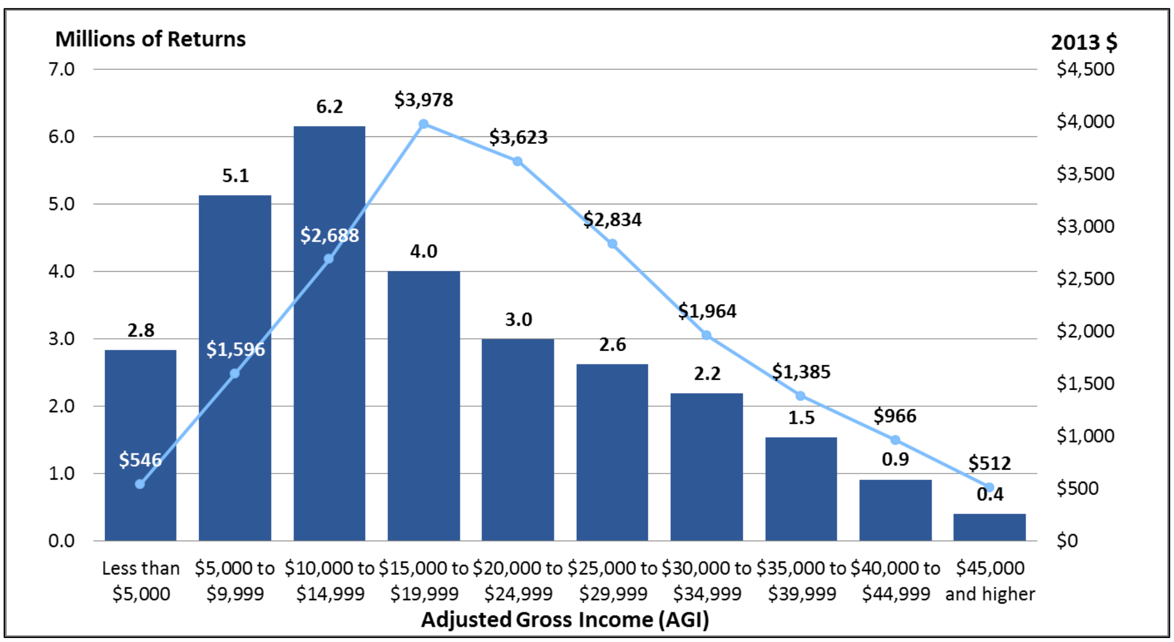
Though the EITC is targeted toward lower-income earners, tax filers with children may receive the EITC even with income well above the poverty level. (The federal poverty level for a family of three was $19,530 in 2013.) However, the largest EITC benefits are focused on low-income earners near the poverty line, with those with greater earnings receiving reduced benefits.

Figure 9 shows the number of tax returns with EITC claims in 2013 by adjusted gross income level. **Figure 9** shows that the most typical (modal) EITC tax return had an AGI between $10,000 and $14,999, with 6.2 million returns including an EITC in that income range for 2013. For that year, close to half of all returns with EITC claims had AGIs below $15,000. This AGI is equivalent to earnings less than the $15,080 earned by a full-time (40 hour per week) full-year (52 weeks per year) worker earning the federal minimum wage ($7.25 per hour).

Figure 9 also shows the average EITC claimed by AGI category. Average EITC benefits first increase with AGI, then decline. This outcome reflects the formula for determining the EITC, which provides an increasing credit up to a maximum amount, then ultimately a reduced credit as it is phased out above a certain income threshold (see **Table 1** and **Figure 2**). It also reflects a difference in the mix of family types claiming the EITC in the various AGI categories. For example, 70% of all filers claiming the EITC with AGIs of less than $5,000 had no qualifying children. All those claiming the EITC at AGIs above $20,000 in 2013 had qualifying children, and hence were eligible for a larger maximum EITC benefit than filers without children. For detail on returns claiming the EITC by AGI and number of qualifying children, see **Table A-2**.

Figure 9. Number of Returns Claiming the EITC and Average EITC Claimed for 2013, by Adjusted Gross Income

Numbers in Millions and 2013 Dollars



Source: Congressional Research Service, based on data from the U.S. Department of Treasury, Internal Revenue Services, *SOI Tax Stats - Individual Income Tax Returns Publication 1304*, Table 2.5.

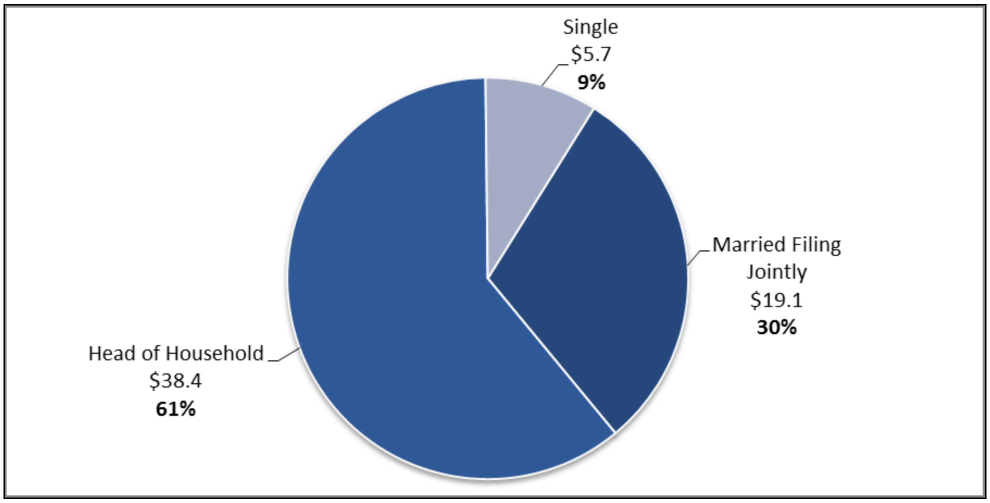
Notes: For detail on returns claiming the EITC by AGI and number of qualifying children, see **Table A-2**.

Filing and Marital Status

The Internal Revenue Service does not provide data on EITC dollars claimed by filing status. The Tax Policy Center (TPC), however, projects that in 2015, 70% of all EITC dollars will be claimed by unmarried tax filers (head of household and single filing statuses), with most (60% of all EITC dollars) claimed by those filing as heads of household. (The TPC projections are likely similar to the actual amounts of the EITC claimed by filing status in 2013 and 2014, given that they are based on the same credit formula.) **Figure 10** shows projections for EITC dollars claimed by filing status for 2015.

Figure 10. Estimate of EITC Dollars Claimed by Marital Status, 2015

Dollars in Billions



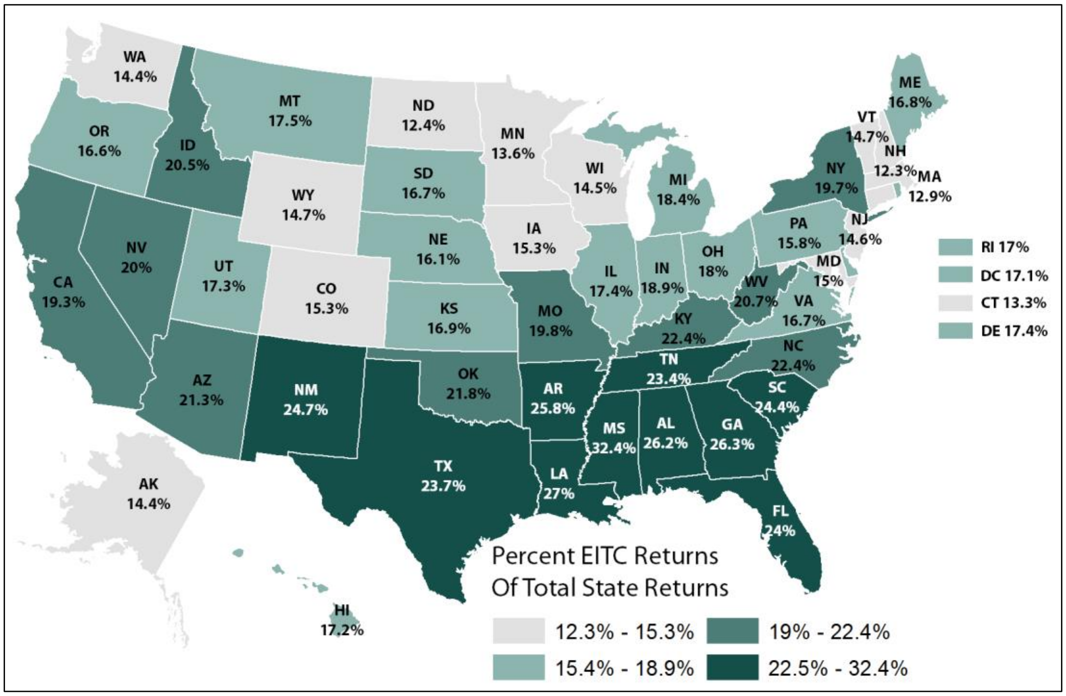
Source: Congressional Research Service, based on estimates from the Urban-Brookings Institution Tax Policy Center Table T13-0274, available at http://www.taxpolicycenter.org/numbers/index.cfm. Estimates are for tax year 2015.

Region

In 2013, the EITC was claimed on 19.4% of all tax returns. However, the rate at which the EITC is claimed by tax filers varies considerably by state. In 2013, the state with the highest percentage of returns claiming the EITC was Mississippi, with the credit claimed on 32.4% of all returns. In contrast, the EITC was claimed on 12.3% of all returns in New Hampshire that year.

Figure 11 provides a map showing the percentage of all tax returns claiming the EITC by state. In addition to considerable state variation, the map shows that there is a regional pattern to EITC receipt. A greater share of returns filed in certain southern states claimed the EITC than returns in other regions of the country. The EITC was claimed on the smallest percentage of returns in New England as well as some states in the northern Midwest.

Figure 11. Percentage of Tax Returns Claiming the EITC by State, 2013



Source: Congressional Research Service, based on data from the U.S. Internal Revenue Service.

Note: For detail on EITC returns by state, see **Table A-3**.

Appendix. Additional Tables

Table A-1. EITC Tax Filers and Dollars Claimed: 1975-2013

		In Millions of Nominal $		Nominal $	In Millions of Constant 2013 $		Constant 2013 $
Year	Tax Filers Claiming the EITC (Millions)	Total EITC	Refunded EITC	Average EITC	Total EITC	Refunded EITC	Average EITC
1975	6.215	$1,250	$900	$201	$5,413	$3,897	$870
1976	6.473	1,295	890	200	5,302	3,644	819
1977	5.627	1,127	880	200	4,332	3,383	769
1978	5.192	1,048	801	202	3,744	2,862	722
1979	7.135	2,052	1,395	288	6,584	4,476	924
1980	6.954	1,986	1,370	286	5,615	3,873	809
1981	6.717	1,912	1,278	285	4,900	3,275	730
1982	6.395	1,775	1,222	278	4,285	2,950	671
1983	7.368	1,795	1,289	244	4,198	3,015	571
1984	6.376	1,638	1,162	257	3,673	2,605	576
1985	7.432	2,088	1,499	281	4,521	3,245	608
1986	7.156	2,009	1,479	281	4,270	3,144	597
1987	8.738	3,391	2,930	388	6,954	6,008	796
1988	11.148	5,896	4,257	529	11,610	8,383	1,042
1989	11.696	6,595	4,636	564	12,390	8,710	1,060
1990	12.542	7,542	5,266	601	13,443	9,386	1,071
1991	13.665	11,105	8,183	813	18,994	13,996	1,391
1992	14.097	13,028	9,959	924	21,632	16,536	1,534
1993	15.117	15,537	12,028	1,028	25,048	19,391	1,657
1994	19.017	21,105	16,598	1,110	33,175	26,091	1,745
1995	19.334	25,956	20,829	1,343	39,676	31,839	2,053
1996	19.464	28,825	23,157	1,481	42,798	34,382	2,199
1997	19.391	30,389	24,396	1,567	44,108	35,409	2,274
1998	20.273	32,340	27,175	1,595	46,220	38,838	2,280
1999	19.259	31,901	27,604	1,656	44,607	38,599	2,316
2000	19.277	32,296	27,803	1,675	43,691	37,613	2,266
2001	19.593	35,784	29,043	1,826	47,070	38,203	2,402
2002	21.574	37,786	33,258	1,751	48,930	43,067	2,267
2003	22.112	39,186	34,508	1,772	49,612	43,690	2,243
2004	22.270	40,024	35,299	1,797	49,359	43,532	2,216

		In Millions of Nominal $		Nominal $	In Millions of Constant 2013 $		Constant 2013 $
Year	Tax Filers Claiming the EITC (Millions)	Total EITC	Refunded EITC	Average EITC	Total EITC	Refunded EITC	Average EITC
2005	22.752	42,410	37,465	1,864	50,587	44,689	2,223
2006	23.042	44,388	39,072	1,926	51,292	45,149	2,226
2007	24.584	48,540	42,508	1,974	54,537	47,759	2,218
2008	24.756	50,669	44,260	2,047	54,824	47,889	2,215
2009	27.041	59,240	53,985	2,191	64,326	58,620	2,379
2010	27.368	59,562	54,256	2,176	63,632	57,964	2,325
2011	27.912	62,906	55,350	2,254	65,148	57,323	2,334
2012	27.848	64,129	56,190	2,303	65,068	57,013	2,337
2013	28.822	68,084	59,145	2,362	68,084	59,145	2,362

Source: Congressional Research Service. For pre-2003 data, U.S. Congress, House Committee on Ways and Means, 2004 Green Book, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, 108th Congress, 2nd session, WMCP 108-6, March 2004, pp.13-41. For 2003 and later data, Internal Revenue Service, *Total File, United States, Individual Income and Tax Data, by State and Size of Adjusted Gross Income, 2003 through 2013*, expanded unpublished version, Table 2.5.

Note: Constant 2013 dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U).

Table A-2. Average EITC, Number of Returns with EITC Claimed, and Total EITC Benefits for 2013, by Adjusted Gross Income

AGI	Totals	No Qualifying Children	One Qualifying Child	Two Qualifying Children	Three or More Qualifying Children
Average Credit					
Less than $5,000	$546	$218	$1,177	$1,495	$1,747
$5,000 to $9,999	1,596	413	2,761	3,095	3,418
$10,000 to $14,999	2,688	195	3,156	4,976	5,509
$15,000 to $19,999	3,978	166	3,103	5,194	5,863
$20,000 to $24,999	3,623	0	2,532	4,561	5,278
$25,000 to $29,999	2,834	0	1,807	3,606	4,422
$30,000 to $34,999	1,964	0	1,054	2,583	3,399
$35,000 to $39,999	1,385	0	519	1,637	2,485
$40,000 to $44,999	966	0	276	841	1,473
$45,000 and higher	512	0	0	338	641
Totals	2,362	280	2,326	3,667	4,022
Total Returns with EITC					
Less than $5,000	2,838,242	1,994,616	537,854	208,717	97,051

AGI	Totals	No Qualifying Children	One Qualifying Child	Two Qualifying Children	Three or More Qualifying Children
$5,000 to $9,999	5,129,061	2,673,452	1,738,302	514,983	202,326
$10,000 to $14,999	6,158,600	2,274,241	1,917,814	1,449,088	517,456
$15,000 to $19,999	4,008,364	313,299	1,772,571	1,314,389	608,103
$20,000 to $24,999	2,995,525	0	1,553,798	967,181	474,546
$25,000 to $29,999	2,630,904	0	1,326,461	870,705	433,738
$30,000 to $34,999	2,190,128	0	1,062,331	797,465	330,332
$35,000 to $39,999	1,544,531	0	598,800	614,961	330,770
$40,000 to $44,999	918,194	0	151,060	450,198	316,937
$45,000 and higher	408,239	0	0	174,039	234,199
Totals	28,821,788	7,255,608	10,658,991	7,361,726	3,545,458
Total EITC Claimed ($ in thousands)					
Less than $5,000	$1,548,386	$433,884	$632,848	$312,078	$169,575
$5,000 to $9,999	8,188,503	1,104,096	4,799,295	1,593,622	691,490
$10,000 to $14,999	16,557,395	443,096	6,053,350	7,210,511	2,850,436
$15,000 to $19,999	15,945,522	51,908	5,501,155	6,827,341	3,565,117
$20,000 to $24,999	10,851,382	0	3,934,984	4,411,631	2,504,766
$25,000 to $29,999	7,454,750	0	2,397,023	3,139,611	1,918,116
$30,000 to $34,999	4,302,376	0	1,119,570	2,060,017	1,122,789
$35,000 to $39,999	2,139,568	0	310,784	1,006,726	822,058
$40,000 to $44,999	887,310	0	41,671	378,710	466,929
$45,000 and higher	208,895	0	0	58,834	150,061
Totals	68,084,087	2,032,984	24,790,680	26,999,081	14,261,337

Source: Congressional Research Service, based on data from the U.S. Department of the Treasury, Internal Revenue Services, *SOI Tax Stats - Individual Income Tax Returns Publication 1304*, Table 2.5.

Table A-3. Total EITC Returns and Amounts for 2013, by State

State or Area	Total Returns	Returns with EITC Claimed	Percentage of Total Returns with EITC Claimed	Total EITC Claimed ($ in thousands)	Average EITC	Percentage of EITC Refunded
U.S. Total[a]	146,542,500	28,487,090	19.4%	$67,276,706	$2,362	86.9%
Alabama	2,048,730	536,120	26.2	1,437,905	2,682	89.4
Alaska	359,140	51,800	14.4	103,910	2,006	89.6
Arizona	2,813,630	600,340	21.3	1,489,323	2,481	88.3
Arkansas	1,220,230	314,740	25.8	789,317	2,508	89.1
California	17,171,740	3,314,700	19.3	7,670,273	2,314	83.7

State or Area	Total Returns	Returns with EITC Claimed	Percentage of Total Returns with EITC Claimed	Total EITC Claimed ($ in thousands)	Average EITC	Percentage of EITC Refunded
Colorado	2,502,950	382,850	15.3	813,304	2,124	86.8
Connecticut	1,749,600	232,190	13.3	489,158	2,107	87.0
Delaware	439,680	76,590	17.4	174,099	2,273	90.7
District of Columbia	331,050	56,650	17.1	128,373	2,266	86.5
Florida	9,316,270	2,234,430	24.0	5,352,624	2,396	85.6
Georgia	4,358,720	1,148,030	26.3	3,029,086	2,639	87.1
Hawaii	675,280	116,110	17.2	247,426	2,131	89.5
Idaho	691,620	141,990	20.5	319,091	2,247	88.3
Illinois	6,100,680	1,059,290	17.4	2,539,201	2,397	85.9
Indiana	3,047,720	575,650	18.9	1,334,191	2,318	89.2
Iowa	1,434,620	219,880	15.3	473,523	2,154	88.8
Kansas	1,325,720	223,440	16.9	507,574	2,272	89.8
Kentucky	1,886,170	423,320	22.4	980,404	2,316	88.5
Louisiana	2,004,320	541,040	27.0	1,454,045	2,688	88.7
Maine	635,870	107,120	16.8	214,425	2,002	86.0
Maryland	2,941,920	440,980	15.0	991,135	2,248	85.5
Massachusetts	3,301,030	426,950	12.9	860,908	2,016	87.6
Michigan	4,656,840	856,080	18.4	2,010,280	2,348	86.6
Minnesota	2,653,420	361,120	13.6	752,909	2,085	87.8
Mississippi	1,245,660	403,620	32.4	1,118,189	2,770	89.6
Missouri	2,743,080	542,720	19.8	1,267,252	2,335	89.1
Montana	487,640	85,180	17.5	175,065	2,055	87.9
Nebraska	880,090	141,670	16.1	317,396	2,240	89.2
Nevada	1,307,650	261,620	20.0	606,040	2,316	87.7
New Hampshire	681,760	83,680	12.3	158,584	1,895	86.1
New Jersey	4,326,880	630,100	14.6	1,415,169	2,246	85.8
New Mexico	905,730	223,560	24.7	528,239	2,363	90.2
New York	9,442,850	1,859,000	19.7	4,225,984	2,273	84.3
North Carolina	4,335,840	972,700	22.4	2,349,522	2,415	88.4
North Dakota	361,850	44,830	12.4	90,880	2,027	88.9
Ohio	5,536,900	997,930	18.0	2,326,447	2,331	88.6
Oklahoma	1,630,700	355,050	21.8	853,987	2,405	88.6
Oregon	1,793,890	298,340	16.6	614,022	2,058	88.1
Pennsylvania	6,153,510	973,460	15.8	2,102,875	2,160	89.3
Rhode Island	517,840	88,210	17.0	196,572	2,228	88.2

State or Area	Total Returns	Returns with EITC Claimed	Percentage of Total Returns with EITC Claimed	Total EITC Claimed ($ in thousands)	Average EITC	Percentage of EITC Refunded
South Carolina	2,106,060	514,460	24.4	1,266,079	2,461	89.3
South Dakota	412,660	69,090	16.7	146,089	2,114	89.8
Tennessee	2,908,080	681,750	23.4	1,671,871	2,452	87.0
Texas	11,888,890	2,813,110	23.7	7,314,092	2,600	86.2
Utah	1,196,460	206,900	17.3	473,565	2,289	88.9
Vermont	321,480	47,230	14.7	88,181	1,867	84.8
Virginia	3,834,990	640,210	16.7	1,440,634	2,250	88.2
Washington	3,293,100	473,950	14.4	997,181	2,104	88.5
West Virginia	784,420	162,160	20.7	355,150	2,190	90.9
Wisconsin	2,798,380	406,250	14.5	867,358	2,135	88.8
Wyoming	283,920	41,630	14.7	83,533	2,007	89.6
Other Areas	695,230	27,330	3.9	64,266	2,351	96.8

Source: Congressional Research Service, based on data from the U.S. Department of the Treasury, Internal Revenue Service (IRS), *Individual Income and Tax Data, by State and Size of Adjusted Gross Income.*

a. Totals in this table differ slightly from total shown in **Table A-2**. While the figures in **Table A-2** and **Table A-3** are both based on data from the IRS, the data in **Table A-3** includes "substitutes for returns" in which the IRS constructs tax returns for certain non-filers.

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