

# **Federal Earned Income Tax Credits and the Taxpayer Advocate Service**

*Your Voice at the IRS*

[www.TaxpayerAdvocate.irs.gov](http://www.TaxpayerAdvocate.irs.gov)

# Who We Are

- An independent organization within the IRS
- Provides free service to eligible taxpayers
- Offices in every state, the District of Columbia, and Puerto Rico

# Our Mission

We help taxpayers resolve problems with the IRS and recommend changes to prevent the problems.

# TAS Leadership

- **Nina E. Olson**

*National Taxpayer Advocate*

- **Bridget Roberts**

*Deputy National Taxpayer Advocate*

# What We Do

TAS:

- Protects taxpayers' rights by ensuring all taxpayers are treated fairly, and that they know and understand their rights under the Taxpayer Bill of Rights (TBOR)
- Helps individuals, businesses, and exempt organizations
- If you qualify for help, your advocate will be with you at every turn and do everything possible to assist you.

**TAS is your voice at the IRS!**

# Taxpayer Bill of Rights (TBOR)

- Congress codified the TBOR as proposed by the National Taxpayer Advocate in her 2014 Annual Report to Congress.
- Internal Revenue Code (IRC) §7803(a)(3) was enacted in 2015 and applies to all IRS employees in their dealings with taxpayers.

<https://www.youtube.com/watch?v=PZmFdjDq7C4>



# Taxpayer Bill of Rights (TBOR)

For more information on these rights and how they can be applied, visit TBOR pages on the Tax Toolkit at:

[www.taxpayeradvocate.irs.gov/about-tas/taxpayer-rights](http://www.taxpayeradvocate.irs.gov/about-tas/taxpayer-rights)

# Systemic Advocacy

- Part of TAS's mission is to recommend changes to prevent problems.
- TAS's Office of Systemic Advocacy addresses large-scale problems that affect many taxpayers.



# Bringing Systemic Issues to TAS

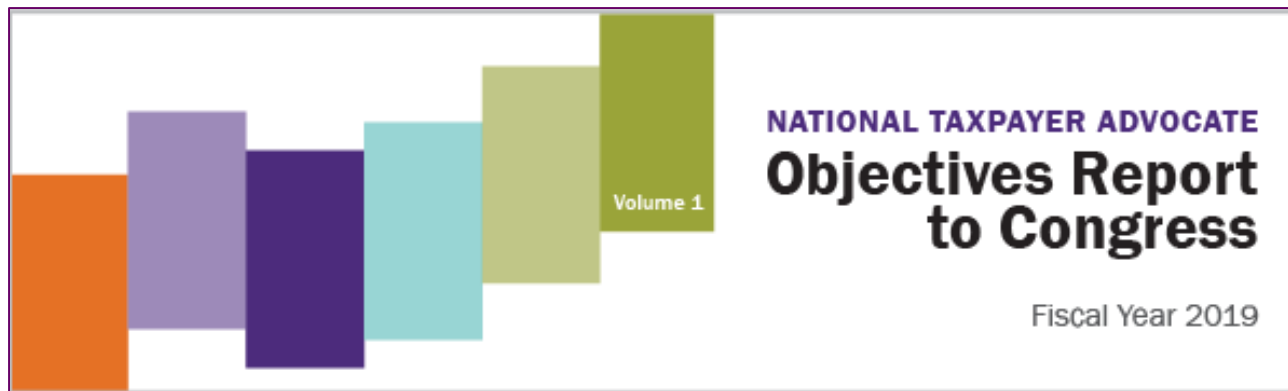
## Systemic Advocacy Management System (SAMS)

- Web-based system to receive advocacy issues, ideas, and suggestions.
- For taxpayers and practitioners, as well as academic, research, and professional organizations.
- [irs.gov/sams](https://irs.gov/sams)

# Reports to Congress

- Annual Report to Congress and Objectives Report to Congress
- Submitted to Congress without Treasury or IRS review
- Available at [www.TaxpayerAdvocate.irs.gov/reports](http://www.TaxpayerAdvocate.irs.gov/reports)

# FY 2019 Objectives Report



[www.taxpayeradvocate.irs.gov/2019ObjectivesReport](http://www.taxpayeradvocate.irs.gov/2019ObjectivesReport)

# FY 2019 Objectives Report

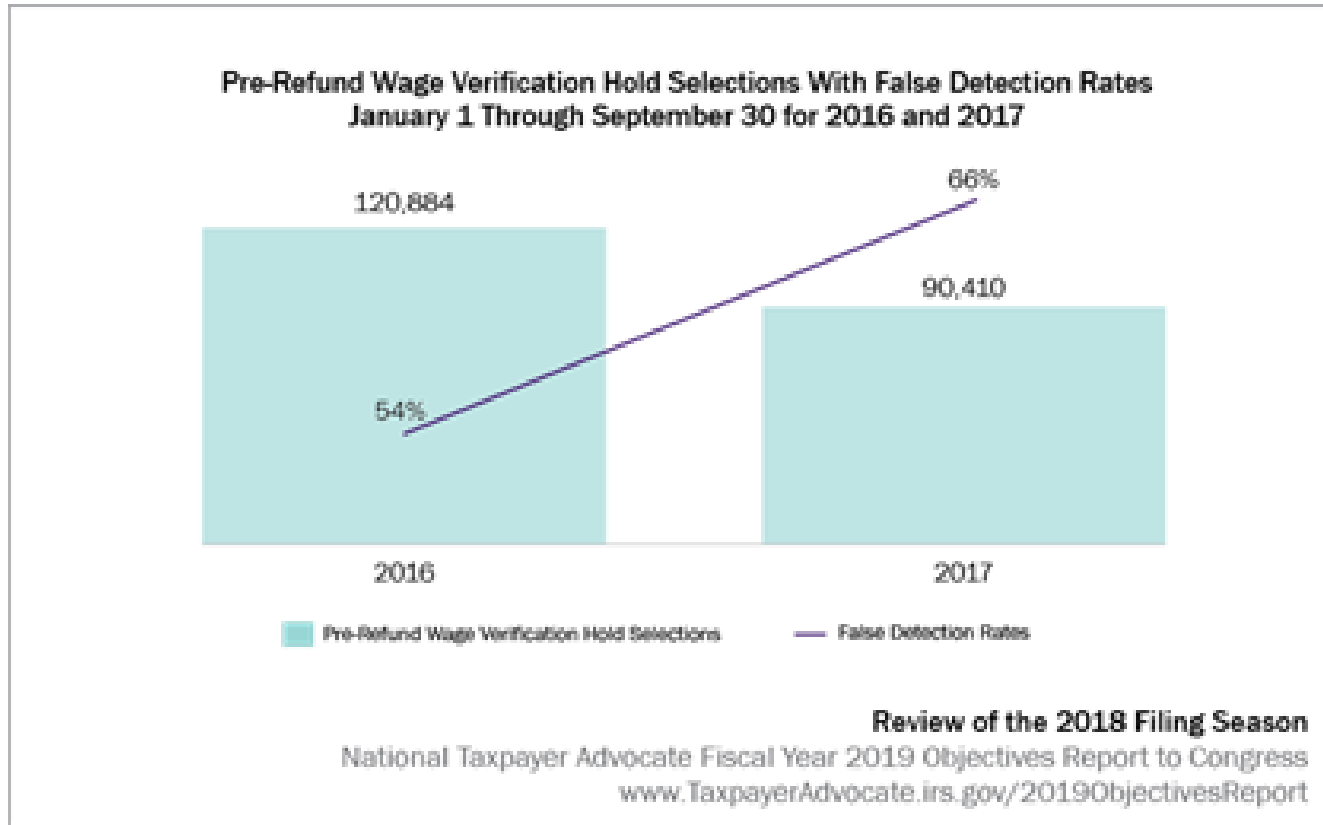
## Review of the 2018 Filing Season

Taxpayer experiences during Filing Season 2018:

- Impact of several changes in the Protecting Americans from Tax Hikes Act of 2015 (PATH Act);
- Interactions with the IRS through phones, correspondence, face-to-face meetings, and online access; and
- Special topics, including identity theft and refund fraud, the Affordable Care Act (ACA), and services for U.S. taxpayers living abroad.

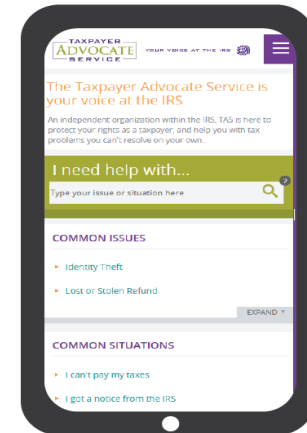
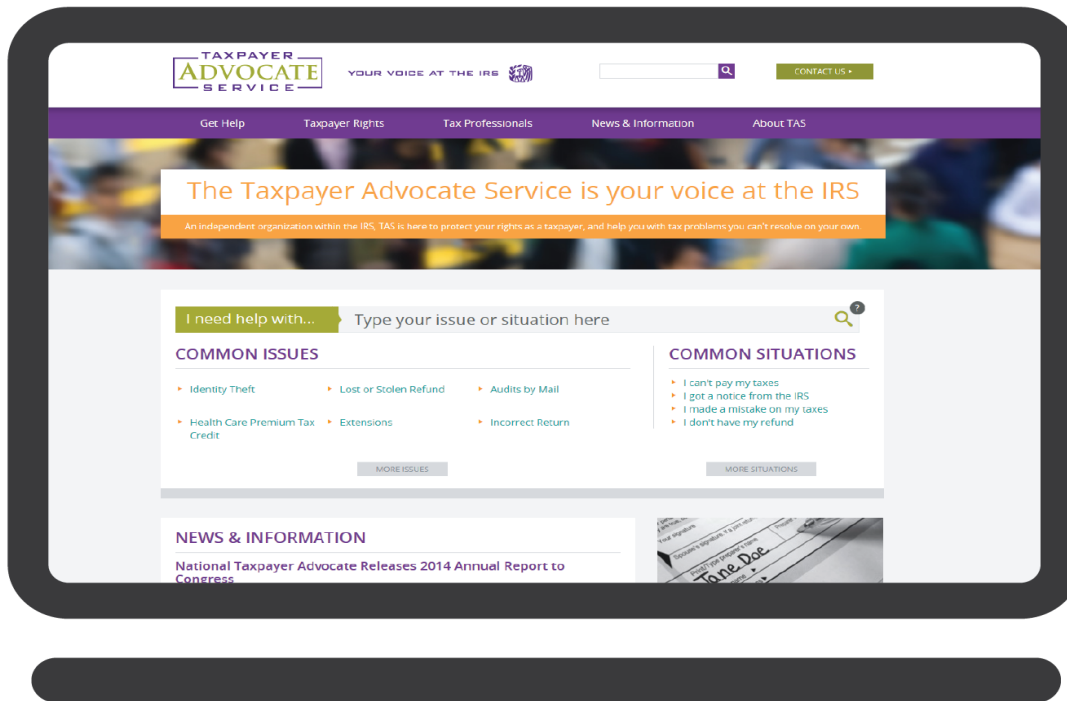
# FY 2019 Objectives Report

## Review of the 2018 Filing Season



False positive rates increased in 2017.

# Taxpayer Resources: Tax Toolkit



[www.taxpayeradvocate.irs.gov](http://www.taxpayeradvocate.irs.gov)

# Earned Income Tax Credit (EITC) Eligibility

- Valid Social Security Number
- Must file a tax return
- Filing Status Cannot Be “Married Filing Separately”
- Must have earned income

# EITC Qualifications

- Minimum and maximum age or qualifying child
- Not a dependent or qualifying child of another person
- Resident of United States more than half a year
- Qualifying child can't be claimed by another person
- Qualifying child must pass relationship, age, residency, and joint return tests



# Earned Income

- Taxable wages, salaries, tips, and other pay from employer
- Net earnings from self-employment
- Income received as an independent contractor or statutory employee
- Taxable benefits under employer's disability retirement plan

# 2018 Earned Income and AGI Limits

If filing...	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Head of Household or Widowed	\$15,270	\$40,320	\$45,802	\$49,194
Married Filing Jointly	\$20,950	\$46,010	\$51,492	\$54,884

Investment income must be \$3,500 or less for the year

# 2018 Maximum Earned Income Tax Credits

- \$6,431 with three or more qualifying children
- \$5,716 with two qualifying children
- \$3,461 with one qualifying child
- \$519 with no qualifying children

# The PATH Act Impact

- The IRS may not issue a credit or refund before February 15<sup>th</sup>.
- This change affects returns claiming EITC or Additional Child Tax Credit (ACTC) filed before February 15.
- The IRS will hold entire refund, including any part of refund not associated with the EITC or ACTC.
- Neither TAS, nor the IRS, can release the refund before that date, even if there is economic burden.

# EITC Claim Risks

- The IRS may request documents to show entitlement to the credit, and withhold any refunds.
- An IRS notice will request specific documents to approve the EITC and issue the refund.
  - Proof of qualifying child (Birth certificates, school records, etc.)
  - Proof of Income (self-employment income documentation, non-matching 1099s and W-2s)
- The IRS may initiate an audit if response is incomplete.

# Taxpayer Rights Affected

- The Right to Pay No More than the Correct Amount of Tax
- The Right to Challenge the IRS's Position and Be Heard
- The Right to a Fair and Just Tax System

# EITC Resources

- Publication 4935, Guide to Everything Earned Income Tax Credit for Individuals Online
- Publication 596, Earned Income Credit
- Publication 596 (SP), Credito por Ingreso del Trabajo
- Form 886-H-EIC, Documents You Need to Send to Claim the Earned Income Tax Credit on the Basis of a Qualifying Child or Children
- Schedule EIC (Form 1040A or 1040), Earned Income Credit
- EITC multilingual homepage and EITC Assistant at [www.irs.gov](http://www.irs.gov)

# Still Need Help?

- I don't have my refund at <https://taxpayeradvocate.irs.gov/get-help/where-is-my-refund>
- Volunteer Income Tax Assistance
  - Free tax preparation
  - See <https://www.irs.gov/individuals/free-tax-return-preparation-for-you-by-volunteers> for more information
- Low Income Taxpayer Clinics
  - Free legal representation for tax matters
  - Publication 4134, Low Income Taxpayer Clinic List
  - See <https://taxpayeradvocate.irs.gov/about/litc> for more information



# How to Contact TAS

The DC Local Taxpayer Advocate's intake line is (202) 803-9800,  
and the local fax number is (202) 803-9081

**Or**

- Fax or phone the Local Taxpayer Advocates listed in Publication 1546, *Your Voice at the IRS*, in the U.S. and Puerto Rico.
- Call the NTA Case Intake Line: 1-877-777-4778
- Download Form 911, *Request for Taxpayer Advocate Service Assistance*, from [irs.gov](https://www.irs.gov)

# Want to Know More?

The National Taxpayer Advocate frequently publishes a blog to raise public awareness about challenges in tax administration. Topics have included:

- The IRS's Private Debt Collection program;
- Passport revocations under the FAST Act;
- The Sharing Economy; and
- Federal Payment Levy Program

Subscribe to the blog by emailing [tas.nta.blog@irs.gov](mailto:tas.nta.blog@irs.gov)

[www.TaxpayerAdvocate.irs.gov/about/nta-blog](http://www.TaxpayerAdvocate.irs.gov/about/nta-blog)

# Want to Know More?

- Facebook: [www.facebook.com/YourVoiceatIRS](https://www.facebook.com/YourVoiceatIRS)
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- YouTube: [www.youtube.com/TASNTA](https://www.youtube.com/TASNTA)
- Tax Toolkit: [www.TaxpayerAdvocate.irs.gov](https://www.TaxpayerAdvocate.irs.gov)

**Questions?**