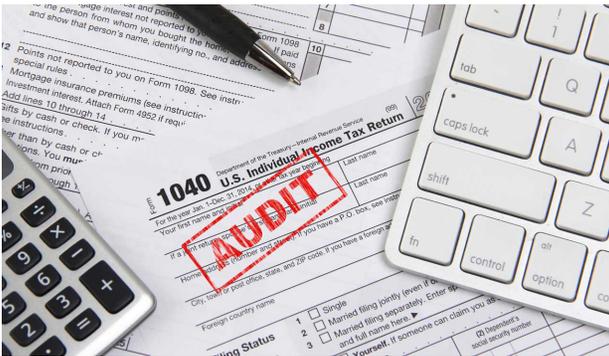


What to do if you are being audited by the IRS.

If you receive an IRS letter or notice in the mail stating that you are being audited and that your EITC claim has been denied, you should respond to the IRS audit within the time period given on the notice.

If the audit is based on the qualifying child that you claimed, usually the IRS requires that you substantiate your EITC claim by providing documents to prove that the qualifying child that you claimed meets the Relationship, Residency, and Age tests for the tax year at issue.

If the audit is based on income that you did not report on your returns, and it placed you over the IRS Earned income and Adjustable Gross Income limits, there is a chance that you might have to pay the IRS back.



Additional information may be found at:

LawHelp.org/SC

South Carolina's guide to free legal resources

South Carolina Legal Services Low Income Taxpayer Clinic assists taxpayers that are being audited by the IRS. To apply for our services, please call our Legal Telephone Intake Service at 1-888-346-5592. You can also apply online on www.sclegal.org. Our services are free to qualifying applicants!

What other types of legal representation are available from South Carolina Legal Services?

- Federal Tax Issues
- Collection Issues
- Consumer Issues
- Bankruptcy
- Family
- Housing
- Employment
- Social Security disallowance

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**South Carolina
Legal Services**

Balancing the Scales of Justice

Earned Income Tax Credit (EITC)



Our Mission

South Carolina Legal Services is a statewide law firm that provides civil legal services to protect the rights and represent the interests of low-income South Carolinians.

For Free Services

1 (888) 346-5592

contactus@sclegal.org

www.sclegal.org / www.lawhelp.org/sc

www.probono.net/sc



What is the EITC?

The Earned Income Tax Credit, EITC or EIC, is a credit that can be claimed by working people with low to moderate income. In order to qualify, you must file a tax return and meet certain requirements. If you qualify the EITC reduces the amount of tax you owe or may increase your refund.



Basic Qualifications

If you are claiming the EITC you must:

- Have a Social Security number that is valid for employment,
- Have earned income,
- Not file Form 2555 or Form 2555-EZ
- Meet the income and investment income limits. The IRS income and investments limits changes every year.
- Filing status CANNOT BE “Married filing Separate,”
- Not be the qualifying child of another person,
- Generally, be a U.S. citizen or resident alien for the entire year.

Special rules apply for members of the Military on extended duty outside the United States. For information about this rules please visit the IRS website at www.irs.gov, or consult with a professional and trustworthy tax preparer

To Claim EITC with a qualifying child, the qualifying child must pass ALL of the following tests:

Relationship

A son or daughter (including an adopted child or child placed for adoption), Stepchild, Foster child placed by an authorized placement agency or court, Brother, sister, half-brother, half-sister, stepbrother, stepsister or a descendant of any of them. Please note that in order to consider a qualifying child your step-son/daughter you must be legally married to the qualifying child’s parent or married to the person that has legal custody of the qualifying child.

Age, at the end of the filing year, the child was:

Younger than you (or than your spouse if married filing jointly) and younger than 19 or, younger than 24 and a full-time student. Any age if permanently and totally disabled

Residency

Child must live with you (or you spouse if filing a joint return) in the United States for more than half of the year.

Joint Return

The child cannot have filed a joint return, unless the child and the child’s spouse did not have a filing requirement and filed only to claim a refund.

Consequences of errors on your EITC claim

You are responsible for what’s on your return even when someone else prepares your returns for you. Filing a tax return with an error on your EITC claim can delay the EITC part of your refund until the error is corrected or can cause the IRS to deny all or part of your EITC.

If the IRS denies all or a part of EITC you will have to pay back the amount of EITC paid to you in error plus interest. If you want to claim the EITC again, you will have need to file the Form 8862, Information to Claim Earned Income Credit after Disallowance next time you file your federal tax return.



The IRS can ban you from claiming EITC for the next two years if the error is because of reckless or intentional disregard of the IRS rules. Also, the IRS can ban you from claiming EITC for the next ten years if you claim the EITC refund fraudulently