



Expanded Tax Credits for Low-Moderate Income Workers Continue in 2011

Expansions to the Earned Income Credit and Child Tax Credit, which took effect in 2009, were extended for two additional years through 2012 by legislation enacted in December 2010, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The American Opportunity Tax Credit for higher education expenses was also extended these two additional years. Fact sheets in the Tax Credit Outreach Kit at <http://eitcoutreach.org/category/running-a-campaign-what-you-need-to-know> explain more details for each of these changes.

More EIC benefits for larger families. A new tier of benefits has been added to the EIC for families. Larger benefits are now available to families with three or more children. The maximum credit for these families increases to \$5,751; under previous law their maximum credit was \$5,112. For workers who don't qualify for the maximum EIC, increases in the EIC range from \$400 to \$600.

EIC income limits rise for married workers. The maximum EIC income level for married workers is set higher than for single workers. The amount of this difference increased to \$5,080 from \$3,000, the amount under prior law. The maximum income levels at which married workers can claim the EIC have increased and at lower income levels more married couples will qualify for the maximum EIC. For families who earn too much to receive the maximum EIC, the change results in an increase of about \$350 to \$400 in their EIC compared to previous law.

Child Tax Credit — very low-income families now qualify. The income at which a worker can get the refundable CTC is reduced to \$3,000 in 2009 from \$8,500 in 2008. The CTC will now reach 2.9 million additional children and will provide another 10 million children with a larger credit than they would have received under the 2008 rules. For example, a worker earning \$15,000 and raising two children, who previously qualified for a CTC of \$975, now will receive an \$1,800 credit. To claim the CTC refund, families need to file a Form 8812. Outreach partners can ensure newly eligible workers get the CTC refund by reminding families that earn above \$3,000 to file a Form 8812. See the fact sheet, [The Child Tax Credit: An Extra Tax Break for Working Families](#), in the "Running a Campaign? What You Need to Know" section of the www.eitcoutreach.org website for more details on CTC eligibility and how to claim it. For EIC and CTC refund amounts this year, see the [EIC and CTC Benefits Level Chart](#) in the "Outreach Tools" section of the www.eitcoutreach.org website.

More affordable education — the American Opportunity Tax Credit. The AOTC replaces the Hope Credit and can make education more affordable for lower-income people who might not otherwise be able to attend college. The major change to the previous Hope Credit rules is that up to \$1,000 of the AOTC may be claimed even though the individual earned too little to owe income tax. This opens up the value of the credit to many more low-income families and students. Filers who claim the AOTC may also claim the EIC and Child Tax Credit, if they qualify. The AOTC fact sheet in the Outreach Kit describes how this newly refundable credit works.

The Making Work Pay Credit. Congress did not extend the Making Work Pay Credit beyond 2010, so it cannot be claimed for work in 2011. It can still be claimed on prior-year returns for work in 2009 and 2010.