



About the Earned Income Tax Credit Outreach Campaign

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What is the Earned Income Tax Credit or EITC?

The Earned Income Tax Credit (EITC) is both a federal and North Carolina state tax credit for low- and moderate-income working families earning less than \$41,646 a year.

Why is it important?

The Earned Income Tax Credit (EITC) helps the working poor climb out of poverty by rewarding work. Each year, approximately 5 million people—more than half of them children—leave poverty due to the combined benefit of work and the EITC. The EITC also increases tax fairness by offsetting the high payroll and state and local taxes paid by low-income families.

Why we need to spread the word about the EITC

The value of the federal EITC can be nearly \$5,000 for married couples with two or more children.

Unfortunately, many eligible workers fail to claim the EITC each year, leaving a significant amount of money on the table -- money that can improve their lives and the lives of their children, as well as stimulate the local economy. A conservative estimate is that NC workers lose more than \$135 million each year in unclaimed EITC.

To help spread the message about the EITC, the N.C. General Assembly has spearheaded a statewide EITC outreach effort with participation from a broad array of state agencies and community organizations. As part of this broader effort, groups across the state have formed community tax campaigns that provide free income tax preparation for low- and moderate-income families through the IRS Volunteers in Tax Assistance (VITA) Program and link working families to opportunities to save and build assets.

In 2009, depending on their filing status, families can receive:

Filing Status	Income Limit: Earn Less Than	Number of Qualifying Children	Maximum EITC Credit
Single or Head of Household	\$38,646	More than 1	\$4,824
Married Filing Jointly	\$41,646	More than 1	\$4,824
Single or Head of Household	\$33,995	1	\$2,917
Married Filing Jointly	\$36,995	1	\$2,917
Single or Head of Household	\$12,880	None	\$438
Married Filing Jointly	\$15,880	None	\$438

What does it do for the overall economy?

This year, the EITC will add over \$1.5 billion to the North Carolina economy. Approximately 70 percent of this money is spent locally, which then circulates in the economy two to five more times, creating an even greater economic impact. During this economic downturn, increasing the spending power of low- and moderate-income working families is more critical than ever.