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# The Earned Income Tax Credit (EITC): How It Works and Who Receives It

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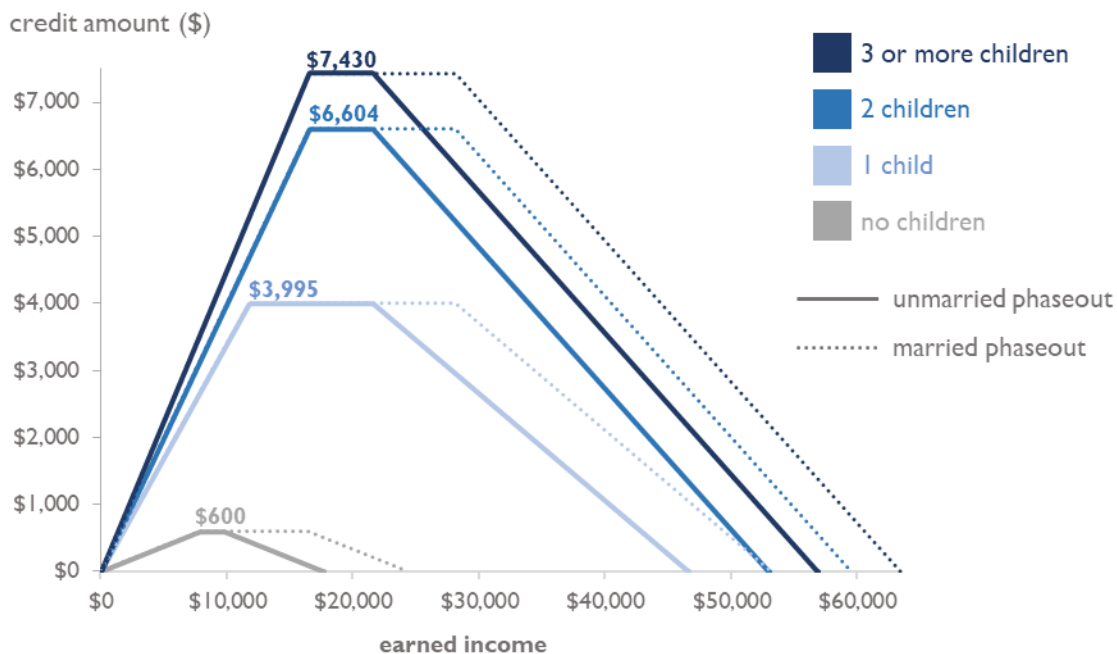
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## The Earned Income Tax Credit (EITC): How It Works and Who Receives It

The Earned Income Tax Credit (EITC) is a refundable tax credit that boosts the income of eligible low-income workers, especially those with children. Because the credit is refundable, an EITC recipient need not owe income taxes to receive the benefit. Eligibility for and the amount of the EITC are based on a variety of factors, including the amount of earned income and other sources of income, the presence and number of qualifying children, age requirements for those without qualifying children, and residency and taxpayer ID requirements. Taxpayers with income above certain thresholds are ineligible for the credit. These income thresholds vary based on marital status and number of qualifying children.

The EITC depends on a recipient’s earned income. Specifically, the EITC phases in as a percentage of earned income (the “credit rate”) 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 “phaseout amount threshold.” Finally, the credit gradually decreases to zero at a fixed rate (the “phaseout rate”) for each additional dollar of adjusted gross income (AGI) (or earned income, whichever is greater) above the phaseout 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 taxpayer has and the taxpayer’s marital status, as illustrated in the figure and table below. For 2023, the maximum EITC amounts are (1) \$600 for a taxpayer without children in their household; (2) \$3,995 for a taxpayer with one child; (3) \$6,604 for a taxpayer with two children; and (4) \$7,430 for a taxpayer with three or more children.

### EITC Amount by Number of Qualifying Children, Marital Status, and Income, 2023



**Source:** CRS calculations based on IRS Revenue Procedure 2022-38 and Internal Revenue Code §32.

**EITC Parameters by Marital Status and Number of Qualifying Children, 2023**

<b>Number of Qualifying Children</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3 or more</b>
<b>unmarried taxpayers</b> (single and head of household filers)				
credit rate	7.65%	34%	40%	45%
earned income amount	\$7,840	\$11,750	\$16,510	\$16,510
maximum credit amount	\$600	\$3,995	\$6,604	\$7,430
phaseout amount threshold	\$9,800	\$21,560	\$21,560	\$21,560
phaseout rate	7.65%	15.98%	21.06%	21.06%
income where credit = 0	\$17,640	\$46,560	\$52,918	\$56,838
<b>married taxpayers</b> (married filing jointly)				
credit rate	7.65%	34%	40%	45%
earned income amount	\$7,840	\$11,750	\$16,510	\$16,510
maximum credit amount	\$600	\$3,995	\$6,604	\$7,430
phaseout amount threshold	\$16,370	\$28,120	\$28,120	\$28,120
phaseout rate	7.65%	15.98%	21.06%	21.06%
income where credit = 0	\$24,210	\$53,120	\$59,478	\$63,398

**Source:** IRS Revenue Procedure 2022-38 and Internal Revenue Code §32.

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 returns. Like all tax credits, the EITC can reduce income tax liability. And because the EITC is a refundable tax credit, if a taxpayer's EITC is greater than what they owe in income taxes, they can receive the difference (the portion of the credit that remains after offsetting any income tax liability) as a tax refund (or an increase in their tax refund, if they are already receiving a refund). The amount of the credit which exceeds their income tax liability is sometimes referred to as the *refundable portion* of the credit.

The amount of the credit a taxpayer receives is based on the prior year's earned income and family composition. In other words, the 2023 EITC is based on 2023 earned income (and other 2023 factors), but will not be paid until tax returns are filed in 2024.

The EITC is not 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 taxpayer does not count against the resource limits of any federally funded public benefit program for 12 months after the refund is received.

According to the most recent IRS data, for 2020 (i.e., 2020 income tax returns filed in 2021), 26.0 million taxpayers (16% of all taxpayers filing an individual income tax return) received a total of \$59 billion from the EITC, making the credit the largest need-tested antipoverty program that provides cash benefits. In that year, 96% of all EITC dollars were received by families with children. There was considerable variation in EITC receipt by state, with a greater share filed in certain southern states compared to other regions of the country.

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## 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 §32) and administered as part of the federal income tax system. According to IRS data, 26 million taxpayers received a total of \$59 billion from the EITC for 2020, making the credit the largest need-tested antipoverty program that provides cash benefits.

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 taxpayer has (zero, one, two, or three or more) and their 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 recipient has. Indeed, most of the EITC's benefits—96% of EITC dollars for 2020—went to families with children.

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 the most recent IRS data on the EITC from 2020 income tax returns, examining EITC receipt by number of qualifying children, income level, tax filing status, and location of residence.

## Eligibility for the EITC

A taxpayer must fulfill the following requirements to claim the EITC:

1. The taxpayer must file a federal income tax return.
2. The taxpayer must have earned income.
3. The taxpayer must meet certain residency requirements.
4. The taxpayer'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.<sup>1</sup> (This age requirement *does not apply* to EITC claimants *with qualifying children*.)
6. The taxpayer's investment income must be below a certain amount.
7. The taxpayer must not be disallowed the credit due to prior fraud or reckless disregard of the rules when they previously claimed the EITC.
8. The taxpayer must provide the Social Security number (SSN) for themselves, their spouse, if married, and any children for whom the credit is claimed.<sup>2</sup>

Additionally, a taxpayer with income above a certain dollar amount (labeled as “income where credit = 0” in **Table 1**) will be ineligible for the credit. Given that this income level is dependent

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<sup>1</sup> A taxpayer without qualifying children who can be claimed as a dependent on another person's tax return is ineligible for the EITC. In addition, claimants without qualifying children must live in the United States for more than half the year.

<sup>2</sup> The SSN must be issued to a citizen of the United States or pursuant to a provision of the Social Security Act relating to the lawful admission for employment in the United States. See IRC §§32(m).

on the number of qualifying children and marital status of the taxpayer, this requirement is discussed in greater detail in the section of the report entitled “Calculating the EITC.”

Requirements (1) through (8) are discussed in detail below.

## **Filing a Federal Income Tax Return**

A person must file a federal income tax return to be eligible for the EITC. 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.<sup>3</sup> In certain cases, taxpayers can claim the EITC if they use the filing status of married filing separately.<sup>4</sup> If the taxpayer has a qualifying child, the taxpayer must include the child’s name and Social Security number on a separate schedule (Schedule EIC) filed with the federal tax return.<sup>5</sup>

## **Earned Income**

A taxpayer 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, according to the Internal Revenue Service, those who provide care for disabled individuals and receive certain nontaxable payments under a Medicaid waiver may treat those payments as earned income for the purposes of the EITC.<sup>6</sup>

In addition, servicemembers may elect to include combat pay in their earned income 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 taxpayer may elect to include combat pay as earned income for the purpose of calculating the

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<sup>3</sup> There is an additional filing status that may claim the EITC—“qualifying widow(er) with dependent child.” Generally, taxpayers may file their tax return as married filing jointly in the year their spouse died. A taxpayer 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 taxpayer 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 taxpayer to file a joint return. The taxpayer 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>.

<sup>4</sup> As a result of a permanent change to the law made by the American Rescue Plan Act (ARPA; P.L. 117-2), an individual who is married and files their tax return separately from their spouse can claim the EITC if the individual lives with a child for whom they can claim the EITC for more than half the year and either: (1) does not have the same principal place of abode as their spouse for the last six months of the year; or (2) has a decree, instrument, or agreement and does not live with their spouse at the end of the year.

<sup>5</sup> The most recent version of this form can be found at <https://www.irs.gov/forms-pubs/about-schedule-eic-form-1040>.

<sup>6</sup> These payments are provided to individual care providers for the care of eligible individuals under a state Medicaid Home and Community-Based Services waiver program described in §1915(c) of the Social Security Act and are not subject to federal taxation. See IRS Notice 2014-7; IRS, *Certain Medicaid Waiver Payments May Be Excludable From Income*, February 23, 2015, <https://www.irs.gov/individuals/certain-medicaid-waiver-payments-may-be-excludable-from-income>; and *Feigh v. Commissioner*, No. 20163-17, 152 T.C. 267, May 15, 2019.

EITC.<sup>7</sup> Generally, servicemembers 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 earned income 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, taxpayers 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.<sup>8</sup>

## Residency 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.<sup>9</sup>

## Qualifying Children

An EITC recipient's qualifying child must meet three requirements.<sup>10</sup> First, the child must have a specific *relationship* to the taxpayer (son, daughter, step child or foster child,<sup>11</sup> 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.<sup>12</sup> 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 taxpayer 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. In these cases, "tiebreaker" rules for who can claim the child for the EITC apply.<sup>13</sup> If, as a result of

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<sup>7</sup> For more information, see <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/special-eitc-rules>.

<sup>8</sup> See Internal Revenue Code (IRC) §32(c)(1)(C) and <http://www.irs.gov/Individuals/EITC,-Earned-Income-Tax-Credit,-Questions-and-Answers>.

<sup>9</sup> ARPA (P.L. 117-2) permanently provided the U.S. Treasury with the authority to make payments to Puerto Rico, American Samoa, and mirror-code territories for amounts those territories pay out in their own *territorial EITCs*. For Puerto Rico and American Samoa, such payments are contingent upon those territories increasing the amount of their EITC or enacting an EITC, respectively. The law also provided Puerto Rico with matching funds, up to \$600 million per year, to provide a larger credit to its residents.

<sup>10</sup> 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>.

<sup>11</sup> If placed by an authorized agency or court order.

<sup>12</sup> Qualifying children who reside with a servicemember 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.

<sup>13</sup> See IRC §152(c)(4). Under tiebreaker rules, a child who can be claimed as an EITC qualifying child of more than one taxpayer is generally treated as the EITC qualifying child of (by order of application): (1) the parents, if they file a joint return and claim the child as a qualifying child; (2) the parent if only one of the persons is the child's parent and the parent claims the child as a qualifying child; (3) the parent with whom the child lived for the longer period of time (continued...)



these rules, a taxpayer cannot claim any qualifying children for the EITC, the taxpayer may be able to claim the credit for those with no qualifying children.<sup>14</sup>

## **Age Requirements for EITC Recipients with No Qualifying Children**

If a taxpayer 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 taxpayers *with qualifying children*.

## **Investment Income**

A taxpayer with investment income over a certain dollar amount is ineligible for the EITC. For 2023, the limit on investment income is \$11,000.<sup>15</sup> 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 taxpayer is barred from claiming the EITC for a period of 10 years after the IRS makes a final determination to reduce or disallow a taxpayer's EITC because that individual made a fraudulent EITC claim. A taxpayer 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.<sup>16</sup>

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during the tax year if two of the persons are the child's parent, they do not file a joint return together, and both parents claim the child; (4) the parent with the highest AGI if the child lived with each parent for the same amount of time during the tax year, they do not file a joint return together, and both parents claim the child; (5) the person with the highest AGI if no parent can claim the child as a qualifying child; or (6) the person with the highest AGI if a parent may claim the child as a qualifying child but no parent claims the child as a qualifying child, but only if that person has an AGI higher than any parent who may claim the child as a qualifying child. For examples of application of the tiebreaker rules and answers to common questions, see Internal Revenue Service, *Qualifying Child of More Than One Person, AGI and Tiebreaker Rules*, June 23, 2017, <https://www.etc.irs.gov/tax-preparer-toolkit/frequently-asked-questions/qualifying-child-of-more-than-one-person-agi-and>.

<sup>14</sup> 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. In the past, information provided on the IRS website stated that such individuals were ineligible for the childless EITC. However, "the IRS has changed its position in proposed regulations." For more information, see Joint Committee on Taxation, *Present Law and Background of Individual Refundable Income Tax Credits and a Description of Modifications to Refundable Credits Included in H.R. 6800, as Passed by the House of Representatives*, June 16, 2020, JCX-17-20, pp. 9-10.

<sup>15</sup> In 2020 and 2021, this threshold was \$3,650. This amount was permanently increased by ARPA (P.L. 117-2) to \$10,000 in 2021 and annually adjusted for inflation thereafter.

<sup>16</sup> See IRC §32(k).

## Identification Requirements

To be eligible for the credit, the taxpayer must provide Social Security numbers (SSNs) for work purposes for themselves, spouses if married filing jointly, and any qualifying children.<sup>17</sup> The SSNs must be issued before the due date of the income tax return.<sup>18</sup> (U.S. citizenship is not required to be eligible for the credit. SSNs do not indicate U.S. citizenship.) Nonresident aliens—those who do not have green cards or do not spend sufficient time in the United States—are generally ineligible for the EITC.<sup>19</sup>

## 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 its maximum amount. The EITC then remains at its maximum level over a subsequent range of earned income, between the “earned income amount” and the “phaseout amount threshold.” Finally, the credit gradually decreases in value to zero at a fixed rate (the “phaseout rate”) for each additional dollar of earned income or AGI (whichever is greater) above the phaseout 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 taxpayer has and their marital status, as illustrated in **Table 1**.

**Table 1. EITC Parameters by Marital Status and Number of Qualifying Children, 2023**

Number of Qualifying Children	0	1	2	3 or more
<b>unmarried taxpayers</b> (single and head of household filers)				
credit rate	7.65%	34%	40%	45%
earned income amount	\$7,840	\$11,750	\$16,510	\$16,510
maximum credit amount	\$600	\$3,995	\$6,604	\$7,430
phaseout amount threshold	\$9,800	\$21,560	\$21,560	\$21,560
phaseout rate	7.65%	15.98%	21.06%	21.06%
income where credit = 0	\$17,640	\$46,560	\$52,918	\$56,838
<b>married taxpayers</b> (married filing jointly)				
credit rate	7.65%	34%	40%	45%
earned income amount	\$7,840	\$11,750	\$16,510	\$16,510

<sup>17</sup> For more information on Social Security numbers valid for work purposes, see SSA, *Social Security Number for Noncitizens*, at <https://www.socialsecurity.gov/pubs/EN-05-10096.pdf>; CRS Report R43840, *Federal Income Taxes and Noncitizens: Frequently Asked Questions*, by Erika K. Lunder and Margot L. Crandall-Hollick; archived CRS Report R44290, *Legal Authority for Aliens to Claim Refundable Tax Credits: In Brief*, by Erika K. Lunder.

<sup>18</sup> See IRC §32(m).

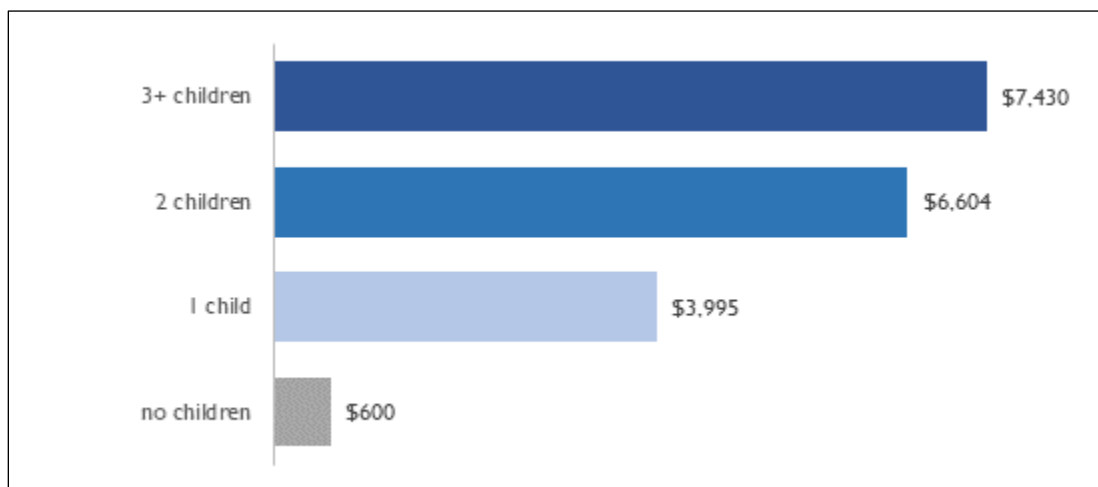
<sup>19</sup> Nonresident aliens may be eligible to claim the credit if they are married to a U.S. citizen or resident alien, make the election to be treated as a resident alien, and file a joint return. For more information on the tax treatment of nonresident aliens, see CRS Report RS21732, *Federal Taxation of Aliens Working in the United States*, by Erika K. Lunder (available to congressional clients upon request); CRS Report R43840, *Federal Income Taxes and Noncitizens: Frequently Asked Questions*, by Erika K. Lunder and Margot L. Crandall-Hollick.

Number of Qualifying Children	0	1	2	3 or more
maximum credit amount	\$600	\$3,995	\$6,604	\$7,430
phaseout amount threshold	\$16,370	\$28,120	\$28,120	\$28,120
phaseout rate	7.65%	15.98%	21.06%	21.06%
income where credit = 0	\$24,210	\$53,120	\$59,478	\$63,398

Source: IRS Revenue Procedure 2022-38 and Internal Revenue Code §32.

The EITC ranges from a maximum credit of \$600 for a taxpayer without a qualifying child to \$7,430 for a taxpayer with three or more qualifying children, as illustrated in **Figure 1**.

**Figure 1. Maximum EITC by Number of Qualifying Children, 2023**



Source: Congressional Research Service, based on IRS Revenue Procedure 2022-38 and Internal Revenue Code (IRC) §32.

The phaseout amount threshold varies by *both* the number of qualifying children a taxpayer has and their marital status. The phaseout amount threshold for those who are married filing joint returns is \$6,560 greater than for unmarried taxpayers with the same number of children. For those without qualifying children, the difference in the phaseout amount threshold among married versus unmarried taxpayers is \$6,570. (Except in certain cases, taxpayers who file as married filing separately are ineligible for the EITC.) This higher phaseout amount threshold for married taxpayers 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.

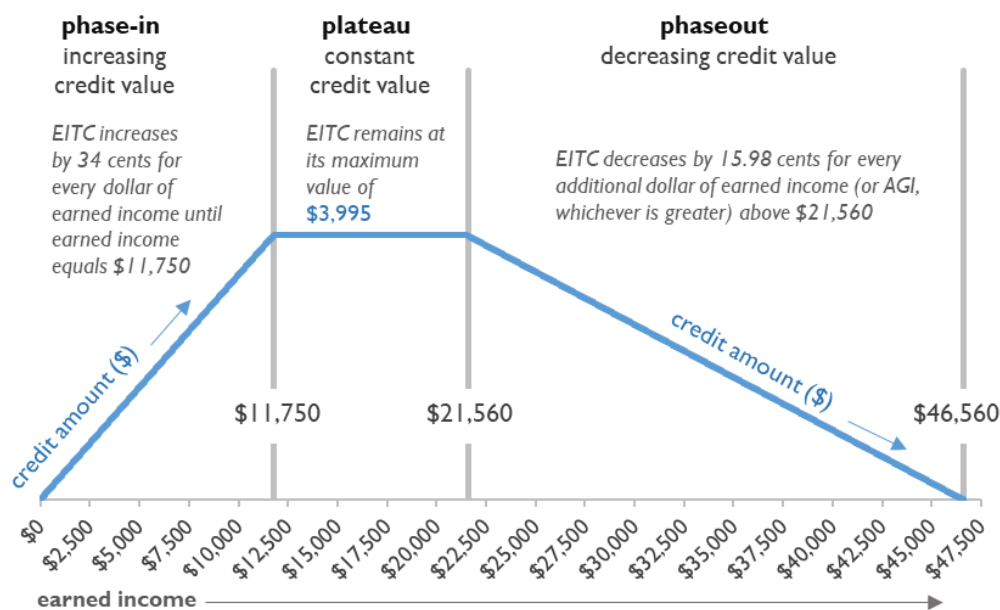
**Figure 2** illustrates the EITC amount by earned income level for an unmarried taxpayer with one child for 2023. It shows the three distinct ranges of EITC for this family:

- Phase-in Range:** The EITC increases with earned income from the first dollar of earned income up to earned income of \$11,750. Over this earned income range, the credit equals the *credit rate* (34% for a taxpayer with one child) times the amount of annual earned income. The \$11,750 threshold is called the *earned income amount* and is the 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 earned income, is known as the *phase-in range*.

- **Plateau:** The EITC remains at its maximum level of \$3,995 from the earned income amount (\$11,750) until \$21,560. The \$3,995 credit represents the *maximum credit* for a taxpayer with one child in 2023. The income interval with the EITC fixed at its maximum value represents the *plateau* on **Figure 2**.
- **Phaseout Range:** Once adjusted gross income (or if greater, earned income) exceeds \$21,560, the EITC is reduced for every additional dollar over that amount. The \$21,560 threshold is known as the *phaseout amount threshold* for a single taxpayer with one child in 2023. For each dollar over the phaseout amount threshold, the EITC is reduced by 15.98%. The 15.98% rate is known as the *phaseout rate*. The income interval from the phaseout income level until the EITC is completely phased out is known as the *phaseout range*.

The EITC is completely phased out (EITC = \$0) once the taxpayer’s AGI (or earned income, whichever is greater) reaches \$46,560. The earned income amounts and the phaseout amount thresholds are adjusted each year for inflation, effectively adjusting the maximum credit amount annually for inflation.

**Figure 2. EITC for an Unmarried Taxpayer with One Child by Income, 2023**



**Source:** Congressional Research Service, based on information in IRS Revenue Procedure 2022-38 and Internal Revenue Code §32.

**Notes:** In this simplified example, adjusted gross income (AGI) is assumed to equal earned income.

EITC claimants use tables published by the IRS to calculate their credit amount based on their income, marital status, and number of qualifying children. The instructions for the federal income tax form show the EITC amounts in tables by income brackets (in \$50 increments).<sup>20</sup>

<sup>20</sup> The tables can be found, for 2022 returns beginning on page 46 of the Form 1040 general instructions, at <https://www.irs.gov/pub/irs-pdf/i1040gi.pdf>.

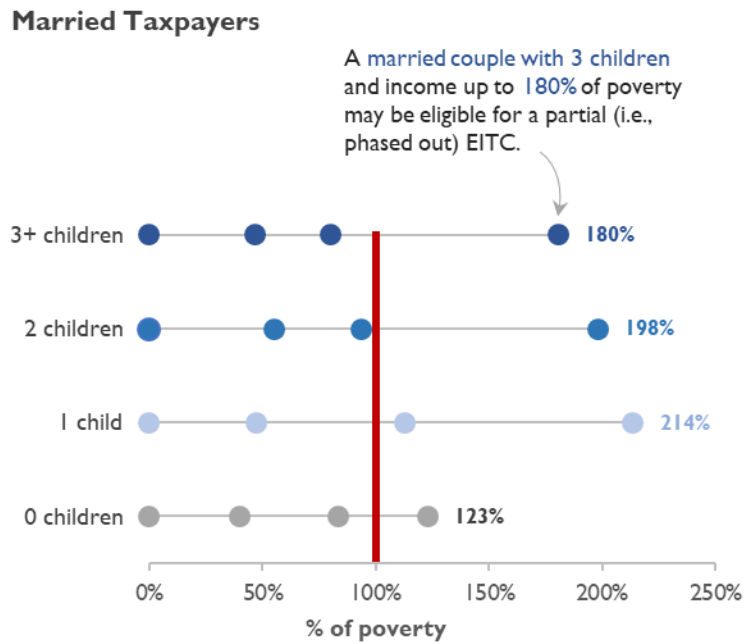
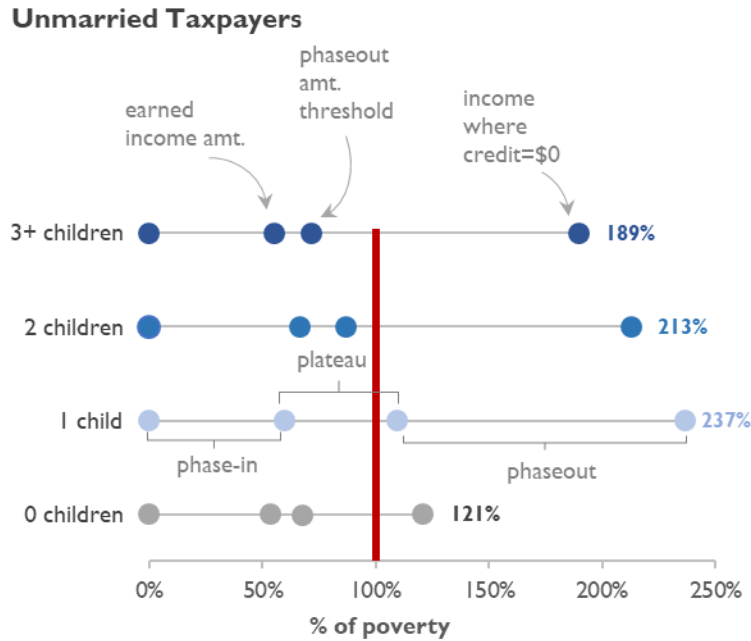
## EITC Eligibility by Poverty Status

While the EITC is available to many families who are in poverty, it is also available for many families whose income places them above the federal poverty guidelines. As previously discussed, the EITC declines in value above a certain dollar threshold, referred to as the phaseout amount threshold. That threshold, combined with the phaseout rate, results in a specific income level above which a taxpayer is ineligible for the credit (referred to as “income where credit = 0” in **Table 1**). 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 that depend on a taxpayer’s number of qualifying children and marital status. The eligibility thresholds vary every year given that they are based in part on a parameter of the credit—the phaseout amount threshold—that is adjusted for inflation.

**Figure 3** illustrates the 2023 EITC parameters in **Table 1** as a percentage of the 2023 federal poverty guidelines. An EITC claimant’s income must be below these thresholds for the claimant to qualify for the EITC. For example, the poverty guideline for a family of three in 2023 was \$24,860. Families of three with income at or below this amount are considered poor. The EITC eligibility threshold of \$52,918 for an unmarried person filing with two qualifying children was more than twice (213%) the poverty guideline for a family of that size.

**Figure 3. EITC Parameters as a Percentage of Poverty by Marital Status and Number of Qualifying Children, 2023**



**Source:** Congressional Research Service, based on IRS Revenue Procedure 2022-38, Internal Revenue Code (IRC) §32 and the 2023 Poverty Guidelines available at <https://aspe.hhs.gov/poverty-guidelines>.

**Notes:** Poverty levels are based on the federal poverty guidelines for the lower 48 states.

## EITC Eligibility by Earned Income at the Federal Minimum Wage

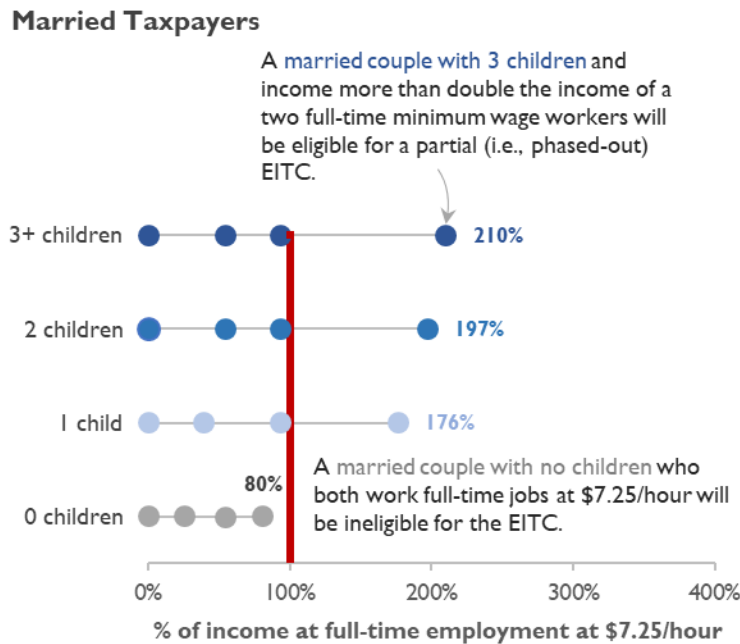
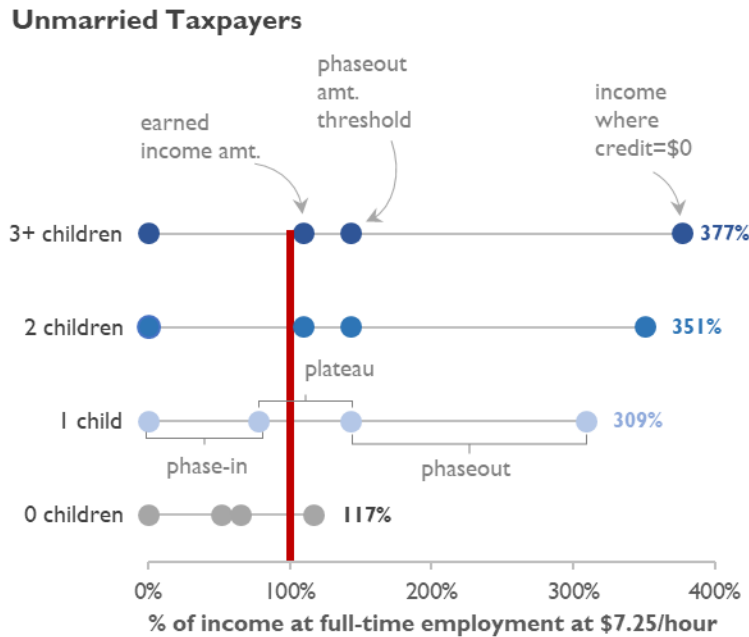
**Figure 4** expresses these same eligibility thresholds as a percentage of the earned income of a worker who works at the federal minimum wage (\$7.25 per hour), 40 hours per week, 52 weeks a year (\$15,080 annually). For the purposes of the calculations in **Figure 4**, married EITC recipients are assumed to have *twice* the aggregate annual earned income as unmarried recipients—\$30,160. In other words, both spouses are assumed to work full time.

The EITC is available in 2023 to families with children who have earned income between 1.76 to 3.77 times the annual earnings from a minimum wage job (176% to 377% of \$15,080 per worker). In contrast, if a married couple with no children has income that is more than 80% of the annual earnings of a household with two full-time workers making the federal minimum wage, they would be ineligible for the EITC. Of note, the majority of states (30) have minimum wages that are higher than the federal minimum wage. About 4 out of 10 returns which included the EITC are filed by residents of the 20 states with a minimum wage of \$7.25 an hour.<sup>21</sup>

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<sup>21</sup> According to data from the U.S. Labor Department, the 15 states that have state minimum wages that equal the federal minimum wage of \$7.25 an hour are Georgia, Iowa, Idaho, Indiana, Kansas, Kentucky, North Carolina, North Dakota, New Hampshire, Oklahoma, Pennsylvania, Texas, Utah, Wisconsin, and Wyoming. Five states have no minimum wage: Alabama, Louisiana, Mississippi, South Carolina, and Tennessee. In these states, employers subject to the Fair Labor Standards Act must pay the current federal minimum wage of \$7.25 per hour. For more information, see U.S. Department of Labor, *State Minimum Wage laws*, January 1, 2023, <https://www.dol.gov/agencies/whd/minimum-wage/state>. Based on data from the Internal Revenue Service for the 2020 tax year, there were a total of 110.4 million returns with the EITC filed by residents in these 20 states with \$25.2 billion in total EITC claims (about 43% of all EITC dollars for 2020).

**Figure 4. EITC Parameters as a Percentage of Full-Time Employment at the Federal Minimum Wage by Marital Status and Number of Qualifying Children, 2023**



**Source:** Congressional Research Service, based on IRS Revenue Procedure 2022-38, Internal Revenue Code (IRC) §32 and the earned income per work earned income of one worker who works at the federal minimum wage (\$7.25 per hour), 40 hours per week, 52 weeks a year (\$15,080 annually).

**Notes:** For the purposes of the calculations, the total household income of married EITC recipients (\$30,160) is assumed to be double the income of unmarried recipients (\$15,080).



## 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.<sup>22</sup> Like all tax credits, the EITC can reduce income tax liability. And because the EITC is a refundable tax credit, if a taxpayer's EITC is greater than what they owe in income taxes, they can receive the difference (the portion of the credit that remains after offsetting any income tax liability) as a tax refund (or an increase in their tax refund, if they are already receiving a refund).

The amount of the credit that remains after offsetting any income tax liability is often referred to as the *refundable portion* of the EITC, whereas the amount that reduces income tax liability is referred to as the *nonrefundable portion* of the credit. The refundable portion of the credit can also offset other tax liabilities collected on the federal income tax return. These other taxes include self-employment taxes and uncollected Social Security and Medicare taxes (e.g., Social Security and Medicare taxes on unreported tip income).<sup>23</sup> Generally, only refundable credits, like the EITC, can offset other non-income tax liabilities. The amount of the refundable portion that remains after offsetting other tax liabilities is sometimes referred to as the “refunded” amount. A taxpayer who has no income tax liability will receive all of the EITC as the refundable portion of the credit.

Of the total aggregate amount of the EITC received for 2020—\$59.2 billion:

- \$0.7 billion offset income tax liability remaining after nonrefundable credits;
- \$6.8 billion offset other taxes collected on the income tax return; and
- \$51.7 billion exceeded income tax liability.

In other words, for 2020, \$58.6 billion of the EITC (\$6.8 billion plus \$51.7 billion) was received as the refundable portion of the credit (and hence exceeded income taxes owed after reducing income tax liability by any nonrefundable tax credits).<sup>24</sup>

The EITC benefits families when they file their income taxes. Thus, payments are generally based on the prior year's income, earned income, and family composition.<sup>25</sup> That is, the 2023 EITC,

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<sup>22</sup> 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.

<sup>23</sup> Other taxes include uncollected Social Security and Medicare taxes due on compensation of an employee that was treated as an independent contractor by an employer. There are a variety of other taxes collected on the federal income tax return. Generally, these taxes are more likely to be paid by higher-income taxpayers who would not receive the EITC. They include additional penalty taxes on individual retirement accounts (IRAs) and other qualified retirement accounts or other tax-favored accounts, household employment taxes, repayment of the first-time homebuyer credit, and the 0.9% additional Medicare tax on higher-income taxpayers. Of note, the net investment income tax (NIIT) is considered an income tax.

<sup>24</sup> This sum does not equal the total due to rounding.

<sup>25</sup> Congress has sometimes allowed certain taxpayers to elect to use older earned income in computing their EITC (and the refundable portion of the child tax credit, known as the additional child tax credit or ACTC). In other words, if the most recent earned income results in a smaller credit than the previous year's earned income, taxpayers may use that older earned income to calculate the EITC and ACTC. For a discussion, see “EITC/CTC Credit Computation Look-Back” in CRS Report R45864, *Tax Policy and Disaster Recovery*, by Brendan McDermott and Jennifer Teefy. Most recently, P.L. 116-260 included a provision allowing taxpayers to use 2019 earned income (as opposed to 2020 earned income) in calculating their 2020 EITC and ACTC.

based on a taxpayer's earned income and family composition in 2023, will be paid in 2024.<sup>26</sup> If the taxpayer is owed a refund, and that filer's return includes an EITC, that refund will be made on or after February 15.<sup>27</sup>

## **Interaction with Other Tax Provisions**

On the tax form, the EITC can be found in the payments section after the lines for (1) income tax liability net of any nonrefundable credits, (2) other non-income tax payments and (3) the lines for withholding and estimated tax payments. Nonrefundable tax credits, which are taken against (reduce) income tax liability, include the Lifetime Learning credit,<sup>28</sup> the child and dependent care credit,<sup>29</sup> a savings credit,<sup>30</sup> and the nonrefundable portions of both the child credit<sup>31</sup> and the American Opportunity tax credit (AOTC).<sup>32</sup> If an EITC-eligible family has any income tax liability and receives one or more of these credits, the *total amount* of their EITC will remain unchanged, but the amount they receive as the *refundable portion* of the credit (i.e., the amount which exceeds income tax liability) will change. Specifically, if nonrefundable tax credits can reduce a family's tax liability, a greater amount of their EITC will be received as the refundable portion, and less will offset their income tax liability.

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<sup>26</sup> The Protecting Americans from Tax Hikes (PATH) Act (Division Q of P.L. 114-113) prevents a taxpayer from claiming the EITC for any year in which the filer did not have a Social Security number (SSN) on or before the due date of the tax return for that year. This provision prevents a filer who obtains an SSN from retroactively claiming the EITC for any prior open tax years (generally three years) when the filer did not have an SSN at the time those years' returns were due.

<sup>27</sup> This was effective beginning with returns filed in 2017 (i.e., 2016 income tax returns). §201 of the Protecting Americans from Tax Hikes (PATH) Act (Division Q of P.L. 114-113).

<sup>28</sup> CRS Report R41967, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects*, by Margot L. Crandall-Hollick.

<sup>29</sup> See CRS Report R44993, *Child and Dependent Care Tax Benefits: How They Work and Who Receives Them*, by Margot L. Crandall-Hollick.

<sup>30</sup> See CRS In Focus IF11159, *The Retirement Savings Contribution Credit*, by Molly F. Sherlock..

<sup>31</sup> For more information on the nonrefundable (and refundable) portion of the child tax credit, see CRS Report R41873, *The Child Tax Credit: How It Works and Who Receives It*, by Margot L. Crandall-Hollick.

<sup>32</sup> See CRS Report R42561, *The American Opportunity Tax Credit: Overview, Analysis, and Policy Options*, by Margot L. Crandall-Hollick.

### EITC Participation Rates

According to the IRS, 79% of eligible EITC recipients received the credit for 2019 (i.e., on their 2019 income tax return), with substantial variation by number of qualifying children.<sup>33</sup> Older data from the IRS Taxpayer Advocate indicate that taxpayers with no qualifying children have lower participation rates than those with children.

According to these data, for 2016 an estimated 65% of eligible EITC recipients with no qualifying children claimed the EITC, compared to an estimated 86% participation for those with one child, 85% participation for those with two children, and 82% participation for those with three children.<sup>34</sup> Participation rate estimates by state can be found in **Table A-4**.

Eligible individuals may not claim the EITC for a variety of reasons. The IRS notes that nonparticipants are more likely to be workers who are “living in rural areas, self-employed, receiving certain disability pensions or have children with disabilities, without a qualifying child, not proficient in English, grandparents raising their grandchildren, or recently divorced, unemployed, or experienced other changes to their marital, financial or parental status.”<sup>35</sup> In addition, eligible workers who do not (and are not required to) file a federal income tax return due to their low incomes, will not receive the credit.

Data on EITC receipt summarized in this report are from the IRS Statistics of Income (SOI), which generally provides information on credit receipt (after compliance measures like audits in a given year). Hence, EITC receipt data include eligible and ineligible recipients. For more information, see CRS Report R43873, *The Earned Income Tax Credit (EITC): Administrative and Compliance Challenges*, by Margot L. Crandall-Hollick.

For taxpayers whose income places them in the “phaseout 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 taxpayer is in the phaseout range results in the taxpayer 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, pretax contributions to savings accounts for retirement or medical expenses are not included in either AGI or earned income. Hence, by making these contributions, EITC claimants whose pre-contribution income places them in the credit’s phaseout range will reduce their AGI or earned income for purposes of calculating the EITC and thus receive a larger credit.<sup>36</sup>

In contrast, for taxpayers whose earned income places them in the credit’s “phase-in range”, reducing their earned income (all else unchanged) will result in a smaller EITC. (As previously noted, the credit phases in over a range of earned income, whereas it phases out based on adjusted gross income or earned income, whichever is greater.) As illustrated in **Figure 2**, reducing income when a taxpayer is in the phase-in range results in the taxpayer reducing the amount of the credit they receive. Generally, income that is not subject to taxation (i.e., it is excluded by law) cannot be included in earned income for purposes of calculating the EITC. However, as previously discussed, servicemembers may elect to include their nontaxable combat pay as earned income, for purposes of calculating the EITC. Generally, servicemembers 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.

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<sup>33</sup> Center for Administrative Records Research and Applications, U.S. Census Bureau in collaboration with IRS. Data can be found at <https://www.eitc.irs.gov/eitc-central/participation-rate/eitc-participation-rate-by-states>.

<sup>34</sup> National Taxpayer Advocate, *Earned Income Tax Credit*, Special Report to Congress, Volume 3. Figure A.7.

<sup>35</sup> Internal Revenue Service, “About EITC: Who are we missing?” June 29, 2020, <https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc>.

<sup>36</sup> In contrast, if the pre-contribution income places them in the plateau or the phase-in range, decreasing their earned income by making certain pretax savings contributions may either have no impact or result in a smaller credit.

## Treatment of the EITC for Need-Tested Benefit Programs

By law, 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).<sup>37</sup> An EITC 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.

## Data on EITC Receipt

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.”<sup>38</sup> Over time the list of EITC objectives has grown to include poverty reduction. Today the EITC is the largest need-tested, antipoverty program that provides cash benefits. This section first provides a historical overview of the growth of the EITC from 1975 to 2020; it then examines information on EITC receipt for 2020.

## Trends in EITC Receipt from 1975 to 2020

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 taxpayers received \$1.25 billion from the EITC (or \$6.0 billion in constant 2020 dollars, which adjusts for inflation). 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. For more information on the legislative history of the EITC, see CRS Report R44825, *The Earned Income Tax Credit (EITC): Legislative History*, by Margot L. Crandall-Hollick

Before 1990, the credit amount was calculated as a percentage of earned income (“the credit rate”) up until the earned income amount. The credit then remained at its maximum level before gradually decreasing in value as earned income 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 phaseout amount threshold, and decreasing the phaseout rate.

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

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<sup>37</sup> 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). See IRC §6409.

<sup>38</sup> U.S. Congress, Senate Committee on Finance, *Tax Reduction Act of 1975*, Report to Accompany H.R. 2166, 94<sup>th</sup> Cong., 1<sup>st</sup> sess., March 17, 1975, S.Rept. 94-36, p. 33.

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 taxpayers would receive a larger credit than unmarried taxpayers 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.<sup>39</sup>

### How Did the American Rescue Plan Act (ARPA; P.L. 117-2) Change the EITC in 2021?

In response to the economic fallout from the COVID-19 pandemic, Congress passed several laws that included temporary provisions designed to provide financial relief to individuals and families, including the American Rescue Plan Act (ARPA; P.L. 117-2). For 2021, ARPA temporarily expanded the EITC for taxpayers with no credit qualifying children—sometimes called the “childless EITC.” It expanded the childless EITC by adjusting the formula and expanding the age range for eligible workers.<sup>40</sup> These changes nearly tripled the maximum credit amount in 2021 and made the credit available to 19- to 24-year-olds and those 65 years and older.<sup>41</sup> These temporary changes expired as scheduled at the end of 2021.

**Figure 5** shows the number of taxpayers receiving the EITC for 1975 to 2020. **Figure 6** shows the amount of the EITC received, with dollar amounts adjusted for inflation to represent 2020 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. (Due to data limitations, they do not include the impact of the ARPA changes.) Beginning in 2014, the total credit dollars claimed in real terms started to decline. It is unclear what is causing the decline. One possible explanation is that income growth among low-wage workers over this time period has reduced the number of people qualifying for the EITC.<sup>42</sup> Another possible explanation may be that eligible poor taxpayers, concerned that they may be audited, are not claiming the credit.<sup>43</sup>

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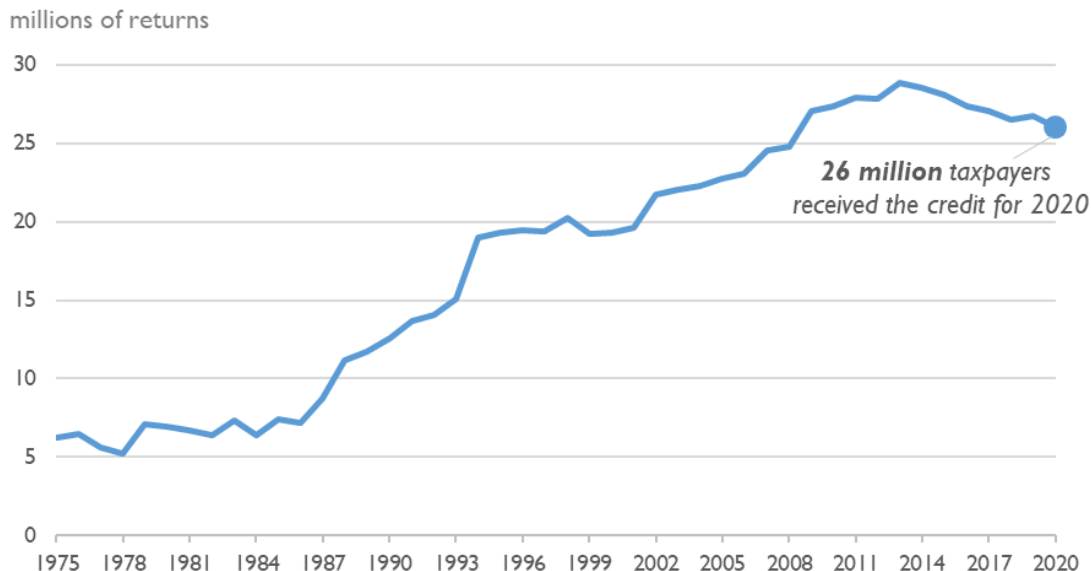
<sup>39</sup> At the end of 2017, President Trump signed into law P.L. 115-97, commonly referred to as the Tax Cuts and Jobs Act or TCJA, which made numerous changes to the federal income tax for individuals and businesses. The final law did not make any direct changes to the EITC. The law did, however, indirectly affect the credit’s value in future years. Parameters of the EITC (see Table 1) are indexed to inflation. Prior to P.L. 115-97, this measure of inflation was based on the consumer price index for urban consumers (CPI-U). P.L. 115-97 changed this inflation measure to be permanently based on the chained CPI-U (C-CPI-U). In comparison to CPI-U, chained CPI-U tends to grow more slowly. Hence, over time, the monetary parameters of the EITC will increase more slowly.

<sup>40</sup> For more information, see CRS Insight IN11610, *The “Childless” EITC: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2)*, by Margot L. Crandall-Hollick.

<sup>41</sup> ARPA also made numerous permanent changes to the EITC, which are discussed in more detail in CRS Report R44825, *The Earned Income Tax Credit (EITC): Legislative History*, by Margot L. Crandall-Hollick.

<sup>42</sup> See CRS Report R45090, *Real Wage Trends, 1979 to 2019*, by Sarah A. Donovan and David H. Bradley.

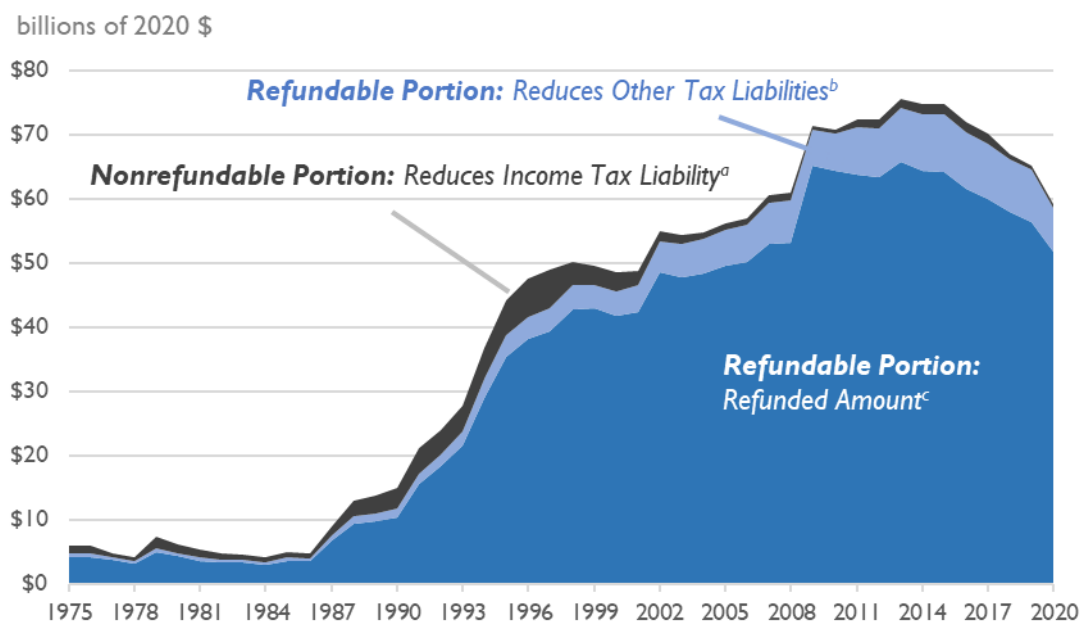
<sup>43</sup> Jason DeBacker et al., “The Effects of IRS Audits on EITC Claimants,” *National Tax Journal*, vol. 71, no. 3 (September), pp. 451-484.

**Figure 5. Number of Tax Returns with the EITC, 1975-2020**

**Source:** Congressional Research Service. For pre-1996 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*, 108<sup>th</sup> Congress, 2<sup>nd</sup> session, WMCP 108-6, March 2004, pp. 13-41. For 1996 and later data, Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

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

As shown in **Figure 6**, throughout the EITC's history, a relatively small share of the credit has reduced regular federal income tax liability. In other words, the majority of credit dollars exceed income taxes owed after nonrefundable credits have been applied. And over time, the share of the credit that offsets income tax liability (after nonrefundable credits) has fluctuated, but generally fallen. This is likely due in part to the enactment and expansion of the child credit, which reduced many EITC recipients' income tax liabilities. As income tax liabilities net of nonrefundable credits have fallen, other tax liabilities offset by the refundable portion of the EITC have increased. (Only refundable credits can offset other tax liabilities, and hence these amounts are often considered part of the refundable portion of the EITC, although they are displayed separately in **Figure 6**.)

**Figure 6. Total EITC Dollars, 1975-2020**

**Source:** Congressional Research Service. For pre-1996 data, Individual Income Tax Return Reports are available in the IRS SOI Tax Stats Archive-1954 to 1999 Individual Income Tax Return Reports. For 1996 and later data, see Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

**Notes:** Constant 2020 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**.

a. The nonrefundable portion of the EITC is the amount of the credit that reduces income tax liability that remains after applying nonrefundable credits (e.g., the child and dependent credit and the nonrefundable portion of the child tax credit).

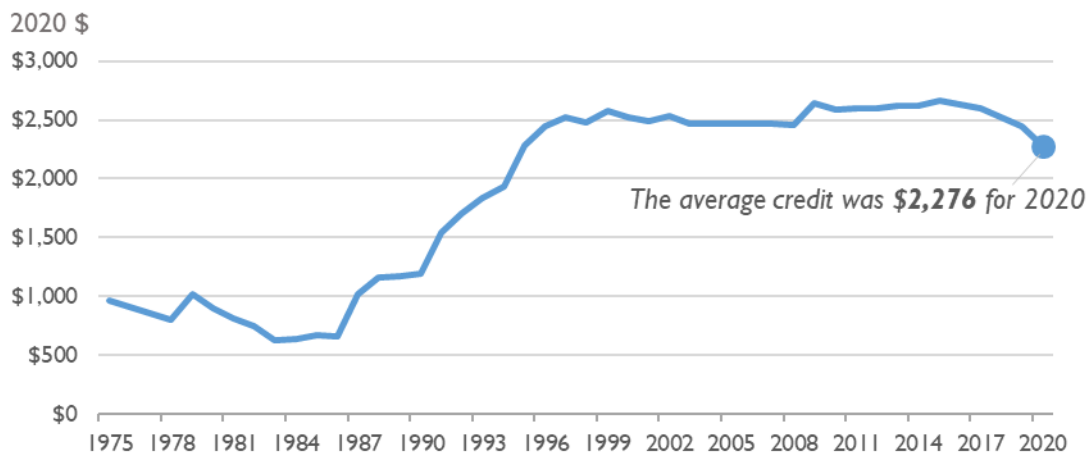
b. The refundable portion of the EITC can offset other tax liabilities that are included on an income tax return, including self-employment taxes and unpaid Social Security and Medicare payroll taxes. Because nonrefundable credits cannot offset these taxes, these amounts are often considered part of the refundable portion of the credit.

c. The refunded amount is the amount of the credit that remains after (a) and (b) described above.

The growth in the total amount of EITC dollars in the late 1980s to the mid-1990s was due to increases not only in the number of taxpayers eligible for the credit, but also in the average credit amount. **Figure 7** shows the average EITC for 1975 to 2020, in inflation-adjusted (2020) 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 credit's monetary parameters 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.<sup>44</sup> The average EITC for 2020 was \$2,276.

**Figure 7. Average EITC, 1975-2020**



**Source:** Congressional Research Service. For pre-1996 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*, 108<sup>th</sup> Congress, 2<sup>nd</sup> session, WMCP 108-6, March 2004, p. 41; and Individual Income Tax Return Reports available at the IRS SOI Tax Stats Archive-1954 to 1999 Individual Income Tax Return Reports. For 1996 and later data, Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

**Notes:** Constant 2020 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**.

## EITC Receipt for 2020

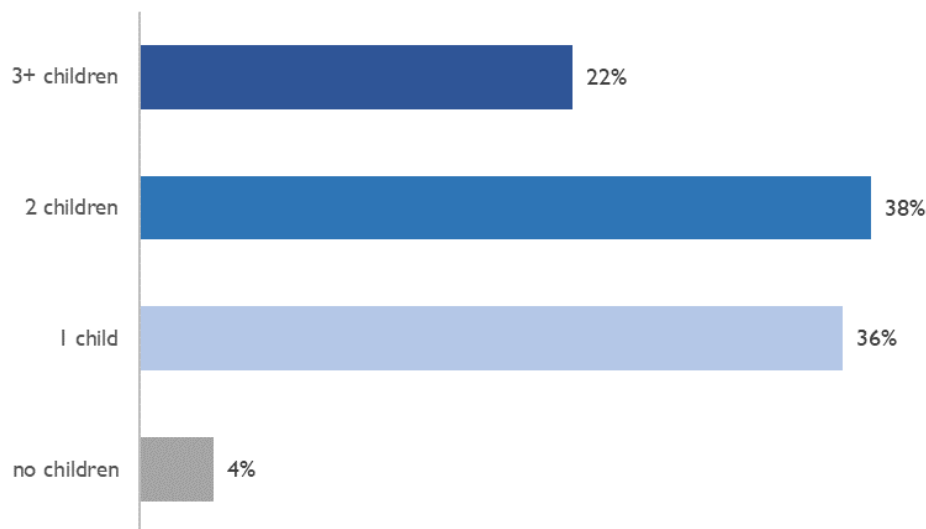
For 2020 (i.e., 2020 income tax returns filed in 2021), 26.0 million taxpayers (16% of all taxpayers filing an individual income tax return) received a total of \$59.2 billion from the EITC.

### By Number of Qualifying Children

Most EITC recipients, and those who received the most EITC dollars, were families with children. **Figure 8** shows total EITC dollars for 2020 by number of qualifying children. For 2020, 4% of all EITC dollars were received by taxpayers with no qualifying children and 96% were received by taxpayers with qualifying children.

<sup>44</sup> 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 8. Distribution of Total EITC Dollars by Number of Qualifying Children, 2020**

**Source:** Congressional Research Service, based on data from the Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

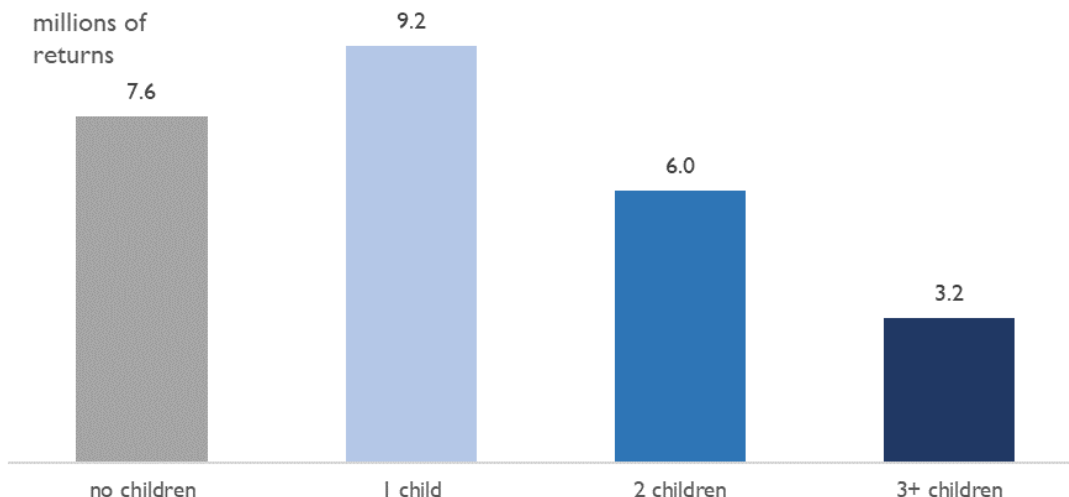
**Notes:** Percentages may not sum to 100% due to rounding. Total EITC for 2020 was \$59.2 billion.

Though childless taxpayers received 4% of all EITC dollars for 2020, they accounted for more than a quarter (29%) of all EITC recipients. Thus, their small share of total EITC dollars reflects, in part, the lower credit amount available to childless filers.

**Figure 9** shows the number of returns with the EITC for 2020 by number of qualifying children. **Figure 10** shows the average EITC for 2020 by number of qualifying children. The average EITC for 2020 increased with the number of qualifying children:

- The EITC was received by 7.6 million taxpayers with no qualifying children, with an average credit of \$295.
- The EITC was received by 9.2 million filers with one qualifying child, with an average credit of \$2,331.
- The EITC was received by 6.0 million filers with two qualifying children, with an average credit of \$3,722.
- The EITC was received by 3.2 million filers with three or more qualifying children, with an average credit of \$4,139.

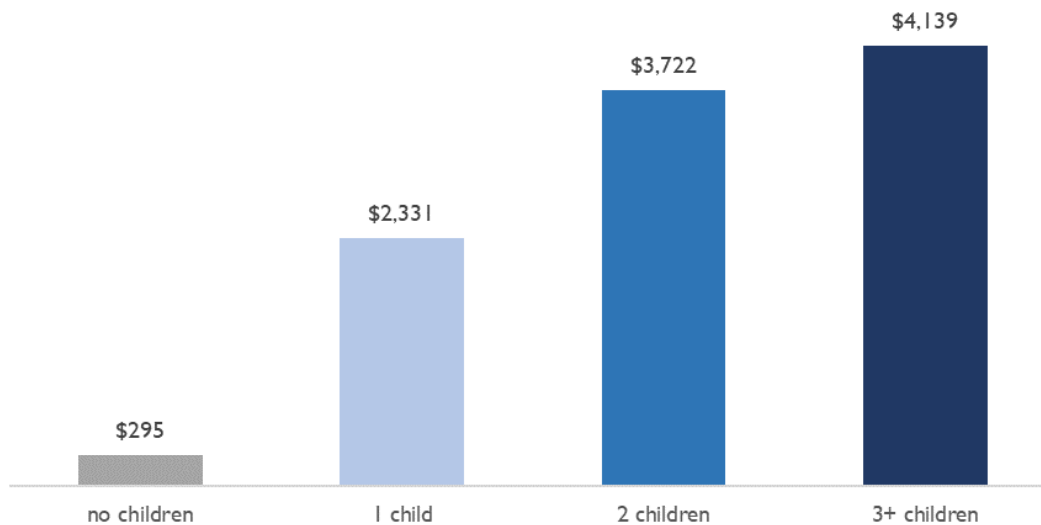
**Figure 9. Number of Tax Returns with the EITC by Number of Qualifying Children, 2020**



**Source:** Congressional Research Service, based on data from the Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

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

**Figure 10. Average EITC by Number of Qualifying Children, 2020**



**Source:** Congressional Research Service, based on data from the Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

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

### By Income Level

Though the EITC is targeted toward lower-income earners, taxpayers with children may receive the EITC even with income well above the poverty level. (The federal poverty level for a family

of three is \$21,720 in 2020.) However, the largest EITC benefits are focused on low-income earners near the poverty line, with those with greater earned income receiving reduced benefits.

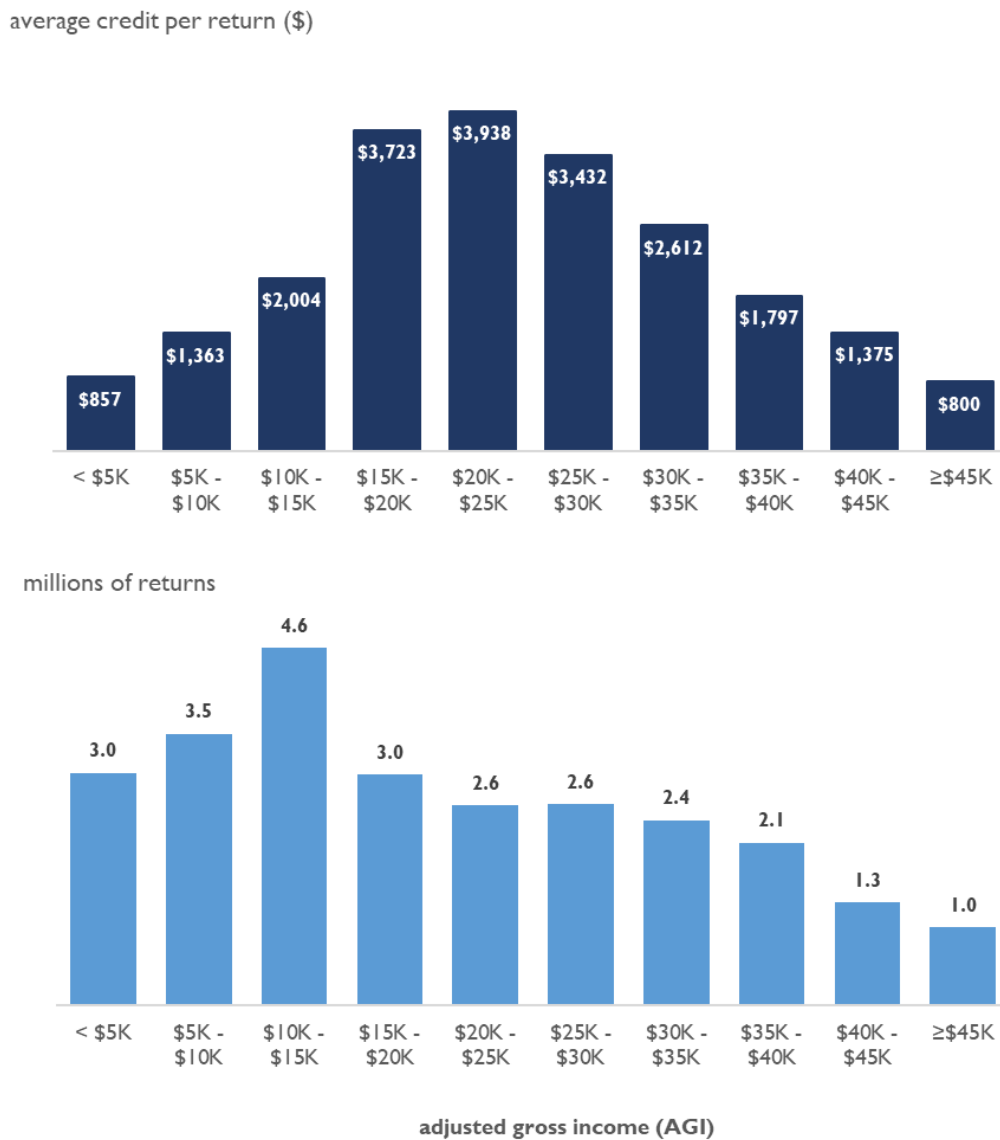
**Figure 11** shows the number of tax returns with the EITC for 2020 by adjusted gross income (AGI) level. **Figure 11** shows that the \$10,000-\$14,999 AGI bracket accounted for the greatest number of 2020 tax returns that included the EITC—4.6 million. For 2020, about half (43%) of all returns with the EITC had AGIs below \$15,000. For context, a full-time full-year worker earning the federal minimum wage would have an AGI of \$15,080.<sup>45</sup>

**Figure 11** also shows the average EITC per return 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 receiving the EITC in the various AGI categories. For example, nearly three-quarters (71%) of all EITC recipients with AGIs of less than \$5,000 had no qualifying children. All EITC recipients with AGIs above \$25,000 for 2020 had qualifying children, and hence were eligible for a larger maximum EITC benefit than filers without children. For detail on returns with the EITC by AGI and number of qualifying children, see **Table A-2**.

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<sup>45</sup> 40 hours per week for 52 weeks a year at \$7.25 per hour.

**Figure 11. Number of Tax Returns with the EITC and Average EITC per Return by Adjusted Gross Income (AGI), 2020**



**Source:** Congressional Research Service, based on data from the Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

**Notes:** For detail on returns with the EITC by AGI and number of qualifying children, see **Table A-2**. The AGI categories are defined such that the lower bound is inclusive but upper bound is not inclusive. Hence AGI “\$5K-\$10K” includes taxpayers with AGI \$5,000 or more to under \$10,000.

### By Marital Status

The IRS’s National Taxpayer Advocate (NTA) provided data on EITC receipt by filing status in a special 2019 report to Congress (the IRS does not routinely provide data on EITC receipt by filing status in the Statistics of Income annual data releases). According to the NTA report, for 2017, unmarried taxpayers (head of household and single filing statuses) received approximately three-quarters of all EITC dollars, with over half (59%) received by unmarried taxpayers with one

or two qualifying children. **Figure 12** shows estimates of the distribution of total EITC dollars by marital status and number of qualifying children for 2017.

**Figure 12. Distribution of Total EITC Dollars by Marital Status and Number of Qualifying Children, 2017**



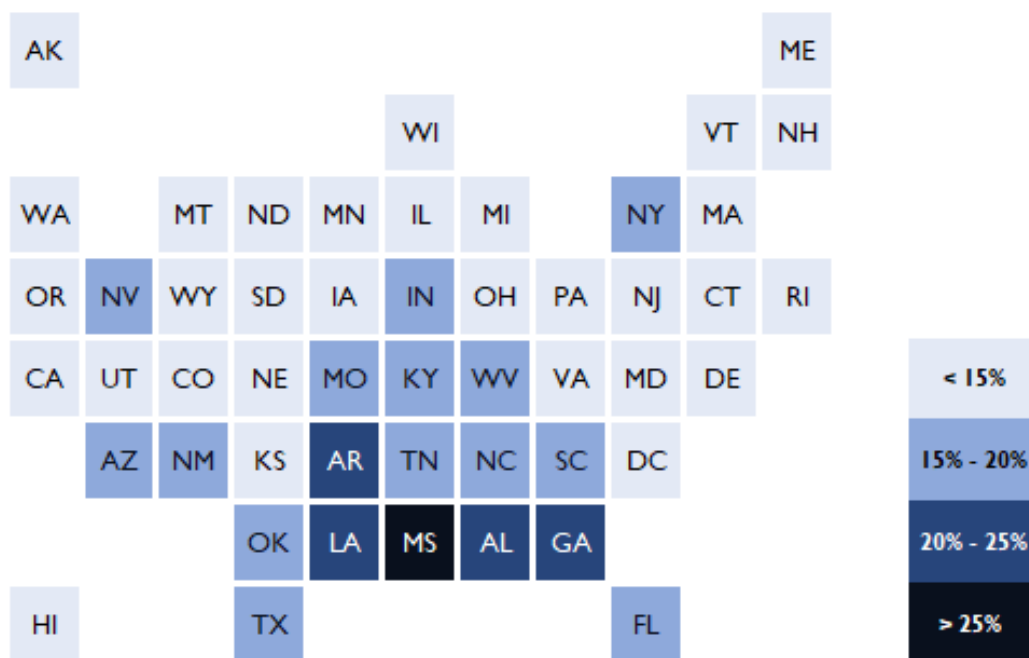
**Source:** National Taxpayer Advocate, *Earned Income Tax Credit*, Special Report to Congress, Volume 3. Table A.5.

## By Region

For 2020, 16% of all taxpayers received the EITC. However, the share of taxpayers receiving the EITC varies considerably by state. For 2020, the state with the highest percentage of returns receiving the EITC was Mississippi, with 27% of all filers receiving the credit. In contrast, 9% of all taxpayers in New Hampshire received the EITC for that year.

**Figure 13** provides a map showing the percentage of all 2020 federal income tax returns that included an EITC for each state. In addition to considerable state variation, the map shows that there is a regional pattern to EITC receipt. A greater share of taxpayers in certain southern states received the EITC than those in other regions of the country. The EITC was received on the smallest percentage of returns in New England, as well as some states in the northern Midwest.

**Figure 13. Percentage of Tax Returns with the EITC by State, 2020**



**Source:** Congressional Research Service, based on data from the Internal Revenue Service, *Statistics of Income, SOI Tax Stats*, Historic Table 2 (Total File, All States), at <https://www.irs.gov/statistics/soi-tax-stats-historic-table-2>.

**Notes:** For details on EITC returns by state, see Table A-3.

## Appendix. Additional Tables

**Table A-1. EITC Receipt, 1975-2020**

Year	Tax Returns with EITC (Millions)	In millions of nominal dollars				In millions of 2020 dollars			
		Total EITC	Refunded Amount	Reduces Other Taxes	Average EITC	Total EITC	Refunded Amount	Reduces Other Taxes	Average EITC
1975	6.215	\$1,250	\$887	\$111	\$201	\$6,013	\$4,266	\$534	\$968
1976	6.473	\$1,295	\$935	\$119	\$200	\$5,890	\$4,253	\$539	\$910
1977	5.627	\$1,127	\$875	\$106	\$200	\$4,811	\$3,735	\$454	\$855
1978	5.192	\$1,048	\$801	\$94	\$202	\$4,161	\$3,180	\$374	\$801
1979	7.135	\$2,052	\$1,395	\$161	\$288	\$7,315	\$4,974	\$574	\$1,025
1980	6.954	\$1,986	\$1,370	\$164	\$286	\$6,238	\$4,304	\$517	\$897
1981	6.717	\$1,912	\$1,278	\$181	\$285	\$5,443	\$3,640	\$515	\$810
1982	6.395	\$1,775	\$1,222	\$194	\$278	\$4,761	\$3,276	\$521	\$745
1983	7.368	\$1,794	\$1,289	\$190	\$243	\$4,661	\$3,350	\$494	\$633
1984	6.376	\$1,636	\$1,162	\$193	\$257	\$4,074	\$2,894	\$481	\$639
1985	7.432	\$2,088	\$1,499	\$209	\$281	\$5,021	\$3,605	\$503	\$676
1986	7.156	\$2,009	\$1,479	\$201	\$281	\$4,745	\$3,491	\$474	\$663
1987	8.738	\$3,931	\$2,930	\$359	\$450	\$8,955	\$6,674	\$818	\$1,025
1988	11.148	\$5,896	\$4,257	\$537	\$529	\$12,900	\$9,314	\$1,174	\$1,157
1989	11.696	\$6,595	\$4,636	\$580	\$564	\$13,766	\$9,675	\$1,211	\$1,177
1990	12.542	\$7,542	\$5,266	\$659	\$601	\$14,935	\$10,428	\$1,306	\$1,191
1991	13.665	\$11,105	\$8,183	\$840	\$813	\$21,102	\$15,550	\$1,596	\$1,544
1992	14.097	\$13,028	\$9,959	\$1,010	\$924	\$24,033	\$18,371	\$1,864	\$1,705
1993	15.117	\$15,537	\$12,028	\$1,208	\$1,028	\$27,828	\$21,543	\$2,164	\$1,841
1994	19.017	\$21,105	\$16,598	\$1,722	\$1,110	\$36,857	\$28,985	\$3,007	\$1,938
1995	19.334	\$25,956	\$20,829	\$1,981	\$1,342	\$44,079	\$35,372	\$3,364	\$2,280
1996	19.464	\$28,825	\$23,157	\$2,105	\$1,481	\$47,548	\$38,199	\$3,472	\$2,443
1997	19.391	\$30,389	\$24,396	\$2,225	\$1,567	\$49,002	\$39,339	\$3,588	\$2,527
1998	20.273	\$31,592	\$27,002	\$2,358	\$1,558	\$50,161	\$42,873	\$3,744	\$2,474
1999	19.259	\$31,901	\$27,604	\$2,379	\$1,656	\$49,558	\$42,883	\$3,696	\$2,573
2000	19.277	\$32,296	\$27,804	\$2,524	\$1,675	\$48,540	\$41,788	\$3,793	\$2,518
2001	19.593	\$33,376	\$29,043	\$2,863	\$1,703	\$48,775	\$42,443	\$4,184	\$2,489
2002	21.574	\$38,199	\$33,737	\$3,347	\$1,771	\$54,954	\$48,535	\$4,815	\$2,547

Year	Tax Returns with EITC (Millions)	In millions of nominal dollars				In millions of 2020 dollars			
		Total Refundable Portion				Total Refundable Portion			
		Total EITC	Refunded Amount	Reduces Other Taxes	Average EITC	Total EITC	Refunded Amount	Reduces Other Taxes	Average EITC
2003	22.112	\$38,657	\$34,012	\$3,718	\$1,748	\$54,374	\$47,841	\$5,230	\$2,459
2004	22.270	\$40,024	\$35,300	\$3,957	\$1,797	\$54,837	\$48,364	\$5,421	\$2,462
2005	22.752	\$42,410	\$37,465	\$4,200	\$1,864	\$56,202	\$49,649	\$5,565	\$2,470
2006	23.042	\$44,388	\$39,072	\$4,518	\$1,926	\$56,984	\$50,160	\$5,800	\$2,473
2007	24.584	\$48,540	\$42,508	\$5,098	\$1,974	\$60,589	\$53,060	\$6,364	\$2,465
2008	24.756	\$50,669	\$44,260	\$5,438	\$2,047	\$60,908	\$53,204	\$6,537	\$2,460
2009	27.041	\$59,239	\$53,985	\$4,765	\$2,191	\$71,465	\$65,126	\$5,748	\$2,643
2010	27.368	\$59,562	\$54,256	\$4,855	\$2,176	\$70,694	\$64,397	\$5,762	\$2,583
2011	27.912	\$62,906	\$55,350	\$6,469	\$2,254	\$72,379	\$63,685	\$7,443	\$2,593
2012	27.848	\$64,129	\$56,190	\$6,726	\$2,303	\$72,289	\$63,340	\$7,582	\$2,596
2013	28.822	\$68,084	\$59,145	\$7,645	\$2,362	\$75,640	\$65,708	\$8,494	\$2,624
2014	28.538	\$68,339	\$58,889	\$8,063	\$2,395	\$74,712	\$64,380	\$8,815	\$2,618
2015	28.082	\$68,525	\$58,795	\$8,240	\$2,440	\$74,826	\$64,201	\$8,998	\$2,665
2016	27.385	\$66,723	\$57,054	\$8,266	\$2,436	\$71,951	\$61,524	\$8,914	\$2,627
2017	27.030	\$66,443	\$56,751	\$8,176	\$2,458	\$70,154	\$59,921	\$8,632	\$2,595
2018	26.492	\$64,924	\$56,161	\$8,145	\$2,451	\$66,915	\$57,884	\$8,395	\$2,526
2019	26.738	\$64,478	\$55,672	\$8,155	\$2,411	\$65,273	\$56,359	\$8,256	\$2,441
2020	26.026	\$59,240	\$51,739	\$6,816	\$2,276	\$59,240	\$51,739	\$6,816	\$2,276

**Source:** Congressional Research Service. For pre-1996 data, see 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*, 108<sup>th</sup> Cong., 2<sup>nd</sup> sess., WMCP 108-6, March 2004, p. 41; and Individual Income Tax Return Reports available at the IRS SOI Tax Stats Archive-1954 to 1999 Individual Income Tax Return Reports. For 1996 and later data, see Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

**Note:** Constant 2020 dollars were computed using the annual average (not seasonally adjusted) Consumer Price Index for all Urban Consumers (CPI-U) from the Bureau of Labor Statistics.



**Table A-2. Average EITC, Number of Tax Returns with the EITC, and Total EITC by Qualifying Children and Adjusted Gross Income, 2020**

<b>AGI</b>	<b>Total</b>	<b>No Qualifying Children</b>	<b>One Qualifying Child</b>	<b>Two Qualifying Children</b>	<b>Three or More Qualifying Children</b>
<b>Average EITC</b>					
Less than \$5,000	\$857	\$223	\$1,923	\$2,968	\$3,050
\$5,000 to \$9,999	\$1,363	\$449	\$2,712	\$3,737	\$4,312
\$10,000 to \$14,999	\$2,004	\$255	\$3,403	\$5,083	\$5,628
\$15,000 to \$19,999	\$3,723	\$147	\$3,357	\$5,543	\$6,342
\$20,000 to \$24,999	\$3,938	\$65	\$2,969	\$5,058	\$5,956
\$25,000 to \$29,999	\$3,432	\$0	\$2,357	\$4,347	\$5,133
\$30,000 to \$34,999	\$2,612	\$0	\$1,608	\$3,421	\$4,286
\$35,000 to \$39,999	\$1,797	\$0	\$868	\$2,462	\$3,317
\$40,000 to \$44,999	\$1,375	\$0	\$466	\$1,515	\$2,454
\$45,000 and higher	\$800	\$0	\$0	\$678	\$1,065
All	\$2,276	\$295	\$2,331	\$3,722	\$4,139
<b>Tax Returns with the EITC</b>					
Less than \$5,000	2,995,003	2,125,630	479,332	247,603	142,438
\$5,000 to \$9,999	3,491,536	2,331,093	694,609	312,877	152,959
\$10,000 to \$14,999	4,605,282	2,528,901	1,249,472	586,523	240,388
\$15,000 to \$19,999	2,969,373	567,744	1,213,817	796,323	391,490
\$20,000 to \$24,999	2,573,195	83,346	1,332,897	801,877	355,074
\$25,000 to \$29,999	2,587,027	0	1,345,767	844,368	396,892
\$30,000 to \$34,999	2,385,991	0	1,256,232	729,381	400,377
\$35,000 to \$39,999	2,095,093	0	1,070,501	659,566	365,025
\$40,000 to \$44,999	1,323,368	0	448,204	571,977	303,187
\$45,000 and higher	999,841	0	106,935	444,488	448,418
Total	26,025,709	7,636,714	9,197,766	5,994,983	3,196,248
<b>Total EITC (\$ in Thousands)</b>					
Less than \$5,000	\$2,565,514	\$474,603	\$921,740	\$734,774	\$434,396
\$5,000 to \$9,999	\$4,760,272	\$1,047,569	\$1,884,070	\$1,169,083	\$659,549
\$10,000 to \$14,999	\$9,230,114	\$644,266	\$4,251,524	\$2,981,497	\$1,352,826
\$15,000 to \$19,999	\$11,054,759	\$83,186	\$4,075,177	\$4,413,688	\$2,482,707
\$20,000 to \$24,999	\$10,133,674	\$5,443	\$3,957,297	\$4,055,946	\$2,114,988
\$25,000 to \$29,999	\$8,879,654	\$0	\$3,171,788	\$3,670,463	\$2,037,403
\$30,000 to \$34,999	\$6,231,557	\$0	\$2,020,138	\$2,495,554	\$1,715,865
\$35,000 to \$39,999	\$3,764,221	\$0	\$929,317	\$1,623,978	\$1,210,927

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<b>AGI</b>	<b>Total</b>	<b>No Qualifying Children</b>	<b>One Qualifying Child</b>	<b>Two Qualifying Children</b>	<b>Three or More Qualifying Children</b>
\$40,000 to \$44,999	\$1,819,594	\$0	\$208,808	\$866,747	\$744,039
\$45,000 and higher	\$800,327	\$0	\$21,337	\$301,261	\$477,731
Total	\$59,239,686	\$2,255,067	\$21,441,196	\$22,312,991	\$13,230,431

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**Source:** Congressional Research Service, based on data from the Internal Revenue Service, *Statistics of Income, SOI Tax Stats-Individual Statistical Tables by Size of Adjusted Gross Income*, Table 2.5.

Table A-3. EITC Receipt by State, 2020

State or Area	Total Tax Returns	Tax Returns with EITC	Percentage of Total Tax Returns with EITC	Total EITC (millions)	Average EITC	Percentage of Credit Refunded <sup>a</sup>
United States	164,041,940	25,553,580	16%	\$58,190	\$2,277	88%
Alabama	2,246,870	475,900	21%	\$1,246	\$2,618	90%
Alaska	359,870	45,300	13%	\$91	\$2,010	91%
Arizona	3,450,640	565,090	16%	\$1,341	\$2,372	89%
Arkansas	1,351,370	288,910	21%	\$732	\$2,534	90%
California	19,556,780	2,782,630	14%	\$5,740	\$2,063	86%
Colorado	2,934,530	332,200	11%	\$678	\$2,040	86%
Connecticut	1,858,430	212,650	11%	\$436	\$2,050	88%
Delaware	510,060	73,840	14%	\$165	\$2,239	91%
District of Columbia	353,430	47,270	13%	\$101	\$2,131	89%
Florida	11,232,230	2,221,280	20%	\$5,099	\$2,295	84%
Georgia	5,069,700	1,073,310	21%	\$2,705	\$2,521	87%
Hawaii	707,510	90,860	13%	\$181	\$1,994	90%
Idaho	868,550	126,450	15%	\$276	\$2,184	88%
Illinois	6,297,580	904,880	14%	\$2,081	\$2,300	88%
Indiana	3,337,840	518,830	16%	\$1,188	\$2,289	91%
Iowa	1,550,180	193,130	12%	\$422	\$2,183	90%
Kansas	1,404,880	199,160	14%	\$449	\$2,255	90%
Kentucky	2,076,680	384,590	19%	\$895	\$2,326	90%
Louisiana	2,082,460	496,170	24%	\$1,320	\$2,660	90%
Maine	714,510	89,950	13%	\$175	\$1,946	87%
Maryland	3,135,300	401,570	13%	\$860	\$2,141	87%
Massachusetts	3,646,160	356,180	10%	\$676	\$1,898	89%
Michigan	5,031,270	714,200	14%	\$1,601	\$2,242	89%
Minnesota	2,890,450	308,970	11%	\$631	\$2,043	89%
Mississippi	1,328,290	353,980	27%	\$949	\$2,681	90%
Missouri	3,009,120	492,500	16%	\$1,134	\$2,303	90%
Montana	551,690	73,590	13%	\$149	\$2,026	88%
Nebraska	948,280	124,640	13%	\$280	\$2,249	90%
Nevada	1,598,330	265,230	17%	\$585	\$2,206	89%
New Hampshire	744,780	67,550	9%	\$123	\$1,820	88%
New Jersey	4,701,870	580,100	12%	\$1,241	\$2,139	87%
New Mexico	995,280	196,600	20%	\$454	\$2,311	91%
New York	10,159,910	1,529,850	15%	\$3,256	\$2,128	88%

State or Area	Total Tax Returns	Tax Returns with EITC	Percentage of Total Tax Returns with EITC	Total EITC (millions)	Average EITC	Percentage of Credit Refunded <sup>a</sup>
North Carolina	5,077,390	917,200	18%	\$2,134	\$2,326	88%
North Dakota	373,520	42,320	11%	\$89	\$2,111	91%
Ohio	5,897,590	884,200	15%	\$2,029	\$2,295	90%
Oklahoma	1,780,050	341,060	19%	\$826	\$2,423	89%
Oregon	2,084,220	256,720	12%	\$504	\$1,964	89%
Pennsylvania	6,546,960	841,160	13%	\$1,759	\$2,091	91%
Rhode Island	576,050	74,860	13%	\$153	\$2,049	90%
South Carolina	2,519,240	485,360	19%	\$1,159	\$2,388	89%
South Dakota	443,220	58,700	13%	\$126	\$2,152	91%
Tennessee	3,349,310	616,380	18%	\$1,467	\$2,380	87%
Texas	13,788,840	2,694,970	20%	\$6,939	\$2,575	86%
Utah	1,495,630	183,610	12%	\$397	\$2,161	88%
Vermont	344,800	38,870	11%	\$71	\$1,826	87%
Virginia	4,245,600	591,230	14%	\$1,303	\$2,204	88%
Washington	3,847,130	391,300	10%	\$786	\$2,009	89%
West Virginia	816,790	140,020	17%	\$315	\$2,249	92%
Wisconsin	2,998,950	357,520	12%	\$766	\$2,141	91%
Wyoming	286,780	36,170	13%	\$76	\$2,094	90%
Other Areas	865,070	14,580	2%	\$31	\$2,134	96%

**Source:** Congressional Research Service, based on data from the Internal Revenue Service, *Statistics of Income, SOI Tax Stats*, Historic Table 2 (Total File, All States), at <https://www.irs.gov/statistics/soi-tax-stats-historic-table-2>.

**Note:** Totals in this table differ slightly from totals shown in Table A-2. Although the figures in Table A-2 and Table A-3 are both based on data from the IRS, the data in Table A-3 include “substitutes for returns” in which the IRS constructs tax returns for certain nonfilers. “Other Areas” includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by members of the Armed Forces stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. government employees.

- a. The refunded amount is the part of the refundable portion of the credit that remains after the credit has offset other taxes like self-employment taxes and unpaid Social Security and Medicare payroll taxes collected on the federal income tax return (i.e., Form 1040).

**Table A-4. EITC Participation Rates by State, 2009-2019**

State	Participation Rate										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Alabama	79.1%	78.6%	78.5%	79.8%	82.0%	82.1%	81.9%	82.1%	81.0%	79.9%	82.1%
Alaska	70.0%	70.0%	73.3%	71.9%	72.8%	76.7%	78.5%	75.6%	81.2%	76.2%	71.0%
Arizona	80.1%	76.4%	76.5%	76.7%	76.5%	77.4%	77.0%	76.6%	75.7%	74.5%	76.9%
Arkansas	81.2%	78.1%	79.5%	80.0%	80.0%	80.6%	81.6%	81.6%	80.8%	80.9%	81.7%
California	74.5%	73.4%	73.0%	73.8%	74.7%	75.8%	75.4%	74.3%	73.1%	71.0%	78.6%
Colorado	76.1%	73.5%	73.3%	74.5%	73.8%	74.5%	73.9%	73.5%	74.9%	71.6%	75.5%
Connecticut	82.1%	77.9%	78.2%	78.6%	79.2%	78.6%	78.9%	81.3%	77.7%	77.1%	79.6%
Delaware	81.4%	80.4%	78.5%	74.0%	78.5%	79.4%	82.3%	82.0%	83.6%	77.9%	79.8%
District of Columbia	75.4%	75.5%	77.3%	71.0%	82.0%	71.9%	72.2%	75.2%	76.1%	74.0%	75.0%
Florida	82.4%	81.4%	81.3%	81.7%	82.0%	82.1%	83.4%	82.8%	82.6%	81.0%	81.0%
Georgia	79.1%	77.3%	78.0%	79.9%	80.9%	81.2%	80.8%	80.8%	79.1%	79.0%	81.2%
Hawaii	83.6%	77.8%	77.8%	81.7%	80.9%	82.5%	84.9%	80.2%	79.9%	81.1%	81.8%
Idaho	81.5%	79.0%	78.5%	78.5%	78.5%	81.2%	80.1%	83.2%	78.3%	83.2%	80.1%
Illinois	77.6%	78.4%	78.2%	78.5%	78.3%	79.0%	79.2%	78.5%	77.5%	77.7%	81.5%
Indiana	80.6%	80.3%	79.8%	79.5%	81.8%	80.5%	82.8%	80.7%	80.7%	81.0%	83.0%
Iowa	81.1%	75.5%	76.9%	79.3%	78.7%	79.2%	79.6%	79.1%	78.7%	79.3%	80.8%
Kansas	78.3%	78.0%	76.0%	74.9%	77.3%	77.1%	79.8%	78.3%	79.2%	78.2%	78.0%
Kentucky	82.1%	79.9%	80.1%	81.5%	82.0%	80.5%	81.1%	82.7%	81.9%	79.6%	81.4%
Louisiana	80.9%	78.2%	77.7%	80.4%	79.2%	80.2%	80.5%	81.7%	81.4%	80.0%	80.4%
Maine	81.6%	81.7%	75.4%	77.9%	79.5%	81.0%	77.9%	81.5%	80.4%	79.3%	81.4%
Maryland	76.0%	75.6%	74.1%	78.3%	78.8%	77.6%	78.7%	78.3%	79.4%	76.4%	80.0%
Massachusetts	80.2%	78.3%	78.1%	79.4%	80.8%	80.0%	79.8%	79.7%	78.1%	77.0%	78.0%

State	Participation Rate										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Michigan	80.5%	80.5%	80.4%	80.4%	80.9%	80.9%	82.0%	81.6%	81.9%	80.4%	81.0%
Minnesota	81.5%	78.4%	78.3%	78.9%	78.9%	78.7%	80.6%	79.7%	79.4%	78.0%	79.3%
Mississippi	82.6%	79.6%	80.5%	82.4%	84.8%	84.1%	84.7%	84.5%	84.3%	85.2%	83.1%
Missouri	78.9%	78.2%	78.5%	78.4%	80.7%	80.3%	80.0%	80.9%	81.0%	79.9%	80.2%
Montana	81.6%	77.7%	77.1%	78.7%	77.4%	76.0%	76.5%	78.4%	80.3%	77.3%	74.6%
Nebraska	81.4%	80.7%	77.6%	82.4%	76.9%	79.9%	78.1%	80.2%	77.6%	79.0%	83.3%
Nevada	76.4%	74.7%	74.8%	74.6%	75.3%	76.3%	75.4%	73.7%	73.6%	71.5%	76.9%
New Hampshire	78.5%	81.8%	74.3%	74.6%	80.6%	78.4%	79.9%	79.3%	81.5%	77.4%	80.3%
New Jersey	79.8%	78.1%	76.9%	77.5%	78.8%	78.6%	77.2%	79.1%	77.8%	75.7%	79.7%
New Mexico	80.1%	78.5%	78.7%	78.2%	75.3%	80.8%	82.1%	81.1%	81.8%	75.7%	81.4%
New York	81.4%	82.5%	81.4%	81.7%	82.5%	82.4%	82.9%	82.8%	82.5%	79.7%	82.6%
North Carolina	79.3%	77.7%	76.7%	79.9%	80.2%	80.0%	81.0%	81.0%	77.2%	76.9%	79.9%
North Dakota	77.2%	82.5%	77.3%	78.2%	82.9%	83.0%	80.4%	76.1%	82.4%	82.3%	80.4%
Ohio	81.0%	79.9%	80.1%	81.3%	82.3%	82.6%	82.0%	81.6%	82.5%	81.4%	82.0%
Oklahoma	77.9%	76.1%	75.4%	74.2%	76.7%	76.1%	77.5%	78.1%	78.4%	75.8%	78.2%
Oregon	79.6%	73.2%	73.1%	73.4%	75.5%	72.5%	74.4%	73.4%	72.6%	71.0%	74.7%
Pennsylvania	81.8%	80.3%	81.8%	80.9%	82.4%	82.0%	82.6%	82.2%	81.7%	81.9%	81.7%
Rhode Island	84.0%	79.2%	82.3%	85.8%	84.3%	82.8%	81.3%	81.2%	84.9%	81.0%	83.1%
South Carolina	77.7%	80.2%	77.4%	78.4%	79.6%	80.9%	81.9%	84.5%	82.0%	80.3%	81.1%
South Dakota	82.2%	82.7%	81.5%	82.8%	77.2%	82.5%	84.6%	81.1%	83.0%	84.2%	77.8%
Tennessee	79.2%	80.4%	80.4%	81.4%	81.8%	80.9%	83.2%	83.0%	82.0%	80.1%	81.2%
Texas	79.6%	78.1%	77.8%	77.8%	78.5%	79.1%	79.5%	79.1%	78.3%	76.8%	80.9%
Utah	77.1%	75.3%	75.4%	75.0%	74.9%	75.2%	76.3%	77.3%	75.3%	75.0%	78.2%

State	Participation Rate										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Vermont	82.9%	78.2%	83.3%	84.0%	80.3%	80.7%	81.9%	80.6%	79.0%	82.9%	82.6%
Virginia	78.9%	78.3%	78.8%	78.7%	79.5%	80.5%	81.1%	80.7%	79.8%	79.0%	79.5%
Washington	74.4%	73.8%	74.4%	74.8%	75.3%	76.9%	78.0%	76.8%	76.4%	73.1%	76.5%
West Virginia	81.6%	81.8%	80.4%	80.9%	82.2%	83.2%	82.6%	81.1%	83.4%	83.1%	80.0%
Wisconsin	80.1%	78.0%	77.8%	79.6%	79.1%	80.0%	78.8%	78.4%	79.9%	78.3%	81.7%
Wyoming	75.1%	74.9%	77.8%	74.6%	76.9%	79.8%	78.1%	78.6%	77.7%	76.3%	73.6%

**Source:** IRS-ACS Match, Center for Administrative Records Research and Applications, U.S. Census Bureau in collaboration with IRS. Data can be found at <https://www.eitc.irs.gov/eitc-central/participation-rate/eitc-participation-rate-by-states>.

**Notes:** The IRS data used in these estimates are based on the year of the tax return. In other words, 2019 data reflect tax data from 2019 income tax returns, generally filed in 2020. The national EITC participation rate is estimated using the Census Bureau’s Current Population Survey (CPS) and hence not directly comparable to these state estimates, which are based on the American Community Survey (ACS).

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