

Earned Income Tax Credit

Course Description

The Earned Income Credit (EIC) is a refundable tax credit that has a significant impact on United States revenue and, in the 2019 tax year, amounted to almost \$63 billion claimed by more than 25 million tax filers.

In a recent year, 153.8 million individual federal tax returns were filed, and 19.6 million - 12.7% of individual taxpayers - claimed the Earned Income Credit. Based on that percentage, it would not be unexpected that any tax return preparer will prepare the tax returns for many EIC claimants.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 3 (CPA, EA)

Field of Study: Taxes

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

Chapter 1 - Earned Income Credit Rules

After reading this chapter, you should be able to:

1. Recognize the EIC eligibility rules that apply to all taxpayers;
2. Identify the EIC eligibility rules applicable to taxpayers who have a qualifying child;
3. List the EIC eligibility rules that apply to taxpayers who do not have a qualifying child; and
4. Recognize how the EIC for which an eligible taxpayer qualifies is determined.

Chapter 2 - Earned Income Credit Errors

After reading this chapter, you should be able to:

1. Recognize the incidence of errors in claiming the earned income credit and their probable causes;
2. Identify the estimated impact of earned income credit errors on federal revenue;

3. Identify the most common earned income credit errors and their potential problem areas; and
4. Recognize the additional questions tax preparers need to ask if taxpayer-provided information appears incorrect, inconsistent or incomplete.

Chapter 3 - EIC Disallowance

After reading this chapter, you should be able to:

1. Identify the principal tools used by the IRS to verify the propriety of EIC claims and to prevent or recover improper EIC payments;
2. Identify the additional requirements imposed on taxpayers claiming the EIC following disallowance;
3. Recognize the exceptions applicable to the requirement that a taxpayer file IRS Form 8862 following disallowance of an EIC claim;
4. Determine the year in which an IRS Form 8862 must be filed to claim EIC after the IRS has disallowed it; and
5. Recognize the duration of the prohibition against filing for the EIC in the event a taxpayer's EIC error is determined to be the result of reckless/intentional disregard of EIC rules or fraud.

Chapter 4 - EIC Due Diligence

After reading this chapter, you should be able to:

1. Recognize the records a tax return preparer is required to keep to support a client's claim for the earned income credit;
2. Identify the penalties that may be imposed on a tax return preparer for failing to comply with due diligence requirements when preparing a client's tax return claiming the earned income credit; and
3. Identify the sanctions that may be imposed on an employer whose employee fails to comply with EIC due diligence requirements.