California Earned Income Tax Credit (EITC)

Updated: September 14, 2015

Tax year 2015

California now offers its own Earned Income Tax Credit (CA EITC) starting with calendar year 2015 tax returns. This credit is offered in addition to the existing federal EITC.

The CA EITC is "refundable," meaning that you will receive a refund if the amount of the credit is greater than the tax you owe. This credit is available to California households with adjusted gross incomes of less than $6,580 if there are no qualifying children, less than $9,880 if there is one qualifying child, or less than $13,870 if there are two or more qualifying children. See additional information under "Qualifications" below.

There are important differences between the California EITC and its federal counterpart. The CA EITC requires earned income reported on a W-2 form, such as wages, salaries, and tips, which must be subject to California withholding. Unlike the federal EITC, income from self-employment cannot be used to qualify for the California credit.

Qualifications

- You must file a state tax return, even if you do not owe any tax or are not otherwise required to file.
- You must have earned income from W-2 wages, salaries, tips, or other employee compensation subject to California withholding. (For the CA EITC, earned income does not include income from self-employment.)
- You, your spouse, and any qualifying children must each have a social security number issued by the Social Security Administration that is valid for employment.
- You must file using the single, married/registered domestic partner (RDP) filing jointly, or head of household filing status. The "married/RDP filing separately" status may not be used.
- You must either:
  - Meet the rules for those without a qualifying child; or
  - Have an individual that meets all of the qualifying child rules for you or your spouse if you file a joint return.
- Your principal residence must be in California for more than half the tax year.
- Both your adjusted gross income and earned income (defined above) must be no more than:
  - $6,580 if there are no qualifying children.
  - $9,880 if there is one qualifying child.
  - $13,870 if there are two or more qualifying children.
  - Your investment income, such as interest, dividends, royalties, and capital gains cannot exceed $3,400 for the entire tax year.

"Qualifying Child" Rules
In general, to be a taxpayer's qualifying child, a person must meet three criteria:

- **Relationship** — Is the taxpayer's child or stepchild (whether by blood or adoption), foster child, sibling or stepsibling, or a descendant of any of them.
- **Residence** — Has the same principal residence as the taxpayer in California for more than half the tax year. Certain exceptions apply.
- **Age** — Must be younger than the taxpayer and either a) under the age of 19 at the end of the tax year, or b) under the age of 24 if a full-time student for at least 5 months of the year. A permanently and totally disabled child may be included at any age.

One Return – The child only qualifies for one return. If the child can be claimed by more than one taxpayer, the child’s qualification goes to:

- The parent.
- If more than 1 taxpayer is the child’s parent, the one with whom the child lived for the longest time during the year, or if the time was equal, the parent with the highest adjusted gross income (AGI).
- If no taxpayer is the child’s parent, the taxpayer with the highest AGI.

**Tax years prior to 2015**

California does not offer a state EITC for tax years prior to 2015.

**Federal Earned Income Tax Credit**

The federal EITC is a refundable federal credit that can reduce the federal tax you owe or result in a refund to you. To find out if you are eligible to claim the federal EITC on your federal tax return, you can:

- Go to the Internal Revenue Service (IRS) website to find out if you qualify for the federal EITC.
- Call the IRS at 800.829.4477 and enter topic 601 when instructed.

**Education and outreach**

If you would like to partner with us to educate eligible taxpayers about the new California EITC, contact us at PublicAffairsOffice@ftb.ca.gov or call us at 916.845.4800.
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**Phase-out**

**Phase-in**

**Income and ETC**

**Table: Income and ETC**

**Row Labels:**
- No Qualifying Children
- Two Qualifying Children
- One Qualifying Child
- Two Qualifying Children Total
- Income
- ETC
- Federal State Total
- Total