

## EITC Tax Preparer Toolkit

# 2009 Qualifying Child Scenario 2

Due Diligence – Know the law. Ask the right questions. Get all the facts.



# Scenario

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Mike wishes to have his taxes prepared. He informs you:

- He is single.
- 18 years old.
- Has W-2 wages of \$12,750.
- His sister lives with him and he wants to claim EITC.



# Take 1

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**You ask:** Did anyone else live in the house with you and your sister?

**He says:** Our mother lived with us.

**You ask:** How many months did your sister live with you?

**He says:** The three of us lived together all year.

**You ask:** How old is your sister?

**He says:** She's 21.

**You ask:** Is she a full-time student?

**He says:** She's a full-time college student.

# Does Mike Qualify for EITC?

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Mike and his sister are both qualifying children of their mother and because he is a qualifying child of another individual, he cannot claim EITC.

# Take 2

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**You ask:** Did anyone else live in the house with you and your sister?

**He says:** No.

**You ask:** How many months did your sister live with you?

**He says:** My sister and I lived together all year.

**You ask:** How old is your sister?

**He says:** She's 21.

**You ask:** Is your sister a full time student?

**He says:** Yes.

**You ask:** Is your sister disabled?

**He says:** No, she's not disabled.

# Does Mike Qualify for EITC?

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Although his sister meets the relationship and residency requirements, she is not the qualifying child of Mike because she is older. Changes to the Uniform Definition of a Child effective for tax year 2009 require the taxpayer claiming the child be older than the qualifying child unless the child is permanently disabled.

# Take 3

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**You ask:** Did anyone else live in the house with you and your sister?

**He says:** No.

**You ask:** How many months did your sister live with you?

**He says:** We lived together all year.

**You ask:** How old is your sister? **He says:** She's 21.

**You ask:** Is your sister a full time student? **He says:** No.

**You ask:** Is your sister disabled? **He says:** Yes, she has Cerebral Palsy.

**You ask:** How long has she had this disability? **He says:** Since birth.

**You ask:** Can she hold a job? **He says:** No.

**You ask:** How much money did your sister's parents earn last year?

**He says:** Our parents are deceased.

# Does Mike Qualify for EITC?

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Yes, Mike's sister meets the relationship, age and residency requirements.

- Although she is older than Mike, she is considered permanently disabled because:
  - She cannot engage in any substantial gainful activity because of a physical or mental condition.
  - A doctor determined the condition has lasted or can be expected to last continuously for at least a year or can lead to death.
- Because the parents are deceased, you don't have to compare Mike's adjusted gross income to his parents--
  - Sec. 501 allows a taxpayer other than the parents of a qualifying child to claim that child, only if the adjusted gross income of the taxpayer is higher than the highest adjusted gross income of any parent of the child.

