



# Federal Earned Income Tax Credit

Policy Analyst: Chris Stitt | October 11, 2023

## Federal Earned Income Tax Credit (EITC)

The EITC is a federal refundable tax credit for low-to-moderate-income working individuals and families. It is designed to provide financial assistance to those who work but may still struggle to meet basic needs. To [qualify](#) for the EITC a taxpayer must have an adjusted gross income (AGI) below certain limits. The limits are adjusted each year for inflation and change with filing status and the number of qualifying children claimed. The IRS has created an [EITC Assistant](#) to help taxpayers determine eligibility as the process can be complex.

### Income Limits for 2023 Tax Year

Children	Single	Married
0	\$17,640	\$24,210
1	\$46,560	\$53,120
2	\$52,918	\$59,478
3+	\$56,838	\$63,698

The EITC credit amount phases-in as earnings increase until the credit amount reaches the maximum credit and then phases-out at higher incomes.

### Single: Phase-in and Phase-out levels for 2023 Tax Year

Children	Phase-in rate	Phase-in completed	Maximum credit	Phase-out threshold	Phase-out rate	Phase-out completed
0	7.65%	\$7,840	\$600	\$9,800	7.65%	\$17,640
1	34%	\$11,750	\$3,995	\$21,560	15.98%	\$46,560
2	40%	\$16,510	\$6,604	\$21,560	21.06%	\$52,918
3+	45%	\$16,510	\$7,430	\$21,560	21.06%	\$56,838

### Married: Phase-in and Phase-out levels for 2023 Tax Year

Children	Phase-in rate	Phase-in completed	Maximum credit	Phase-out threshold	Phase-out rate	Phase-out completed
0	7.65%	\$7,840	\$600	\$16,370	7.65%	\$24,210
1	34%	\$11,750	\$3,995	\$28,120	15.98%	\$53,120
2	40%	\$16,510	\$6,604	\$28,120	21.06%	\$59,478
3+	45%	\$16,510	\$7,430	\$28,120	21.06%	\$63,398

Source: Internal Revenue Service, [Revenue Procedure 2022-38](#); 26 U.S.C. § 32 and <https://www.cbpp.org/research/federal-tax/the-earned-income-tax-credit>

- “Phase-in completed” means the amount of AGI at or above which the maximum amount of the earned income credit is allowed.
- “Phase-out threshold” means the amount of AGI above which the maximum amount of the credit begins to phase out.
- “Phase-out completed” means the amount of AGI at or above which no credit is allowed.
- “Phase-in rate” means that for every dollar of AGI above \$0 there is a percentage of that dollar added to the credit amount.
- “Phase-out rate” means that for every dollar of AGI above the Phase-out threshold there is a percentage of that dollar subtracted from the credit amount.