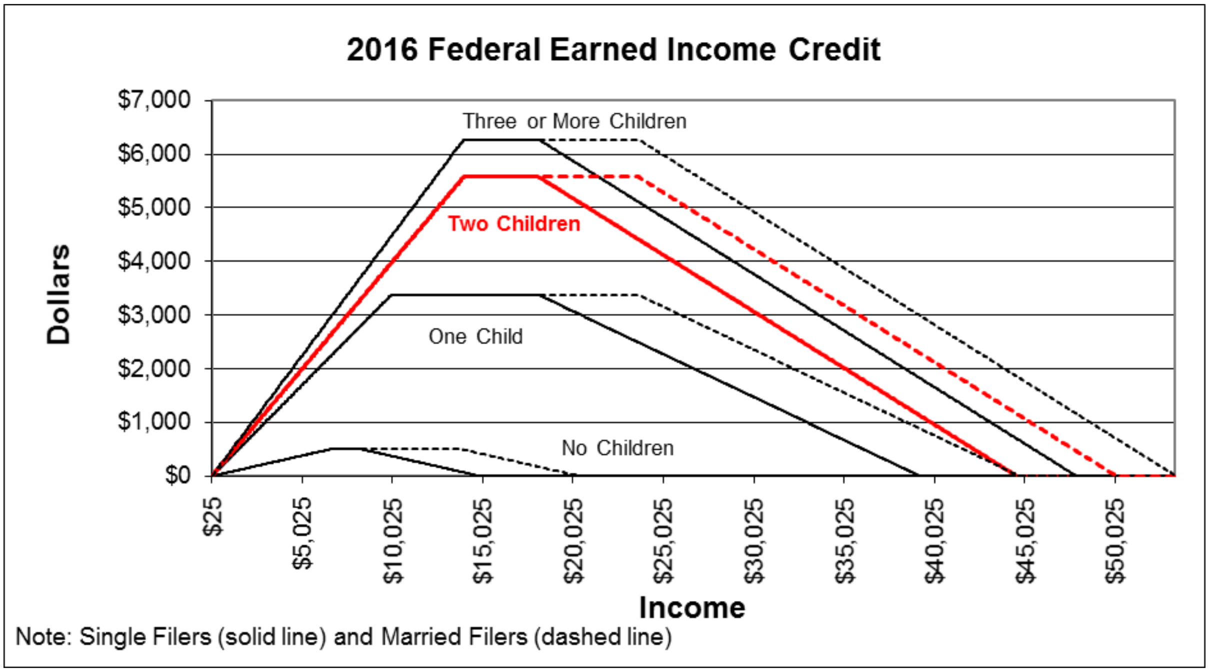
The Federal and Oregon Earned Income Tax Credits

Federal History

- 1975: Created with the Tax Reduction Act as a temporary refundable credit against social security taxes
- 1978: increased maximum credit, allowed advance payments, and created the plateau range
- 1986: the income limits and phase-outs became indexed to inflation
- 1990: adjusted for family size
- 1993: extended to taxpayers without children
- 2001: expanded the married phase-out range
- 2009: expanded the married phase-out range and increased credit for larger families

Eligibility Criteria (tax year 2016)

- AGI and earned income must be less than specified amounts
  - $47,955 ($53,505 if married) with three or more qualifying children
  - $44,648 ($50,198 if married) with two qualifying children
  - $39,296 ($44,846 if married) with one qualifying child
  - $14,880 ($20,430 if married) with no qualifying children
- Earned income includes wages/salaries & tips that are taxable and net earnings from self-employment
- Investment income must be no more than $3,400
- A qualifying child must meet relationship, age, and residency tests
- Maximum credit is as follows: $506 (no children); $3,373 (one child); $5,572 (two children); $6,296 (3+ children)



Oregon History

- 1997: SB 388 created a nonrefundable credit equal to 5% of the federal credit
- 2006: became refundable
- 2008: increased to 6% of the federal credit
- 2013: increased to 8% of the federal credit
- 2016: increased to 11% if a qualifying child age 2 or younger, effective tax year 2017-2019
- Maximum credit: $40 (no children); $270 (one child); $446 (two children); $502 (3+ children)
- 2020: scheduled to sunset