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Indiana [earned income tax credit](https://www.thebalance.com/earned-income-tax-credit-3193011) (EITC) has been around since 1999, but the state changed it to mirror the terms of the federal credit in 2003. It's a refund intended for low-income working families and individuals. If your tax credit is more than the taxes you owe, you'll receive the difference in cash.

**Earned Income Tax Credit Eligibility**

To qualify for Indiana's EITC, you must be eligible for and claim the federal earned income credit on your federal tax returns. Most of the rules for Indiana's tax credit follow federal rules: you must have earned income either from an employer or from working in your own business, and the income cannot be foreign.

You also must have a valid Social Security number and be a U.S. citizen or resident alien throughout the entire year. A nonresident alien can qualify for the tax credit if married to a U.S. citizen or a resident alien and the couple [files a joint married return](https://www.thebalance.com/married-filing-jointly-3193040).

[Filing a separate married return](https://www.thebalance.com/married-filing-separately-3193041) prevents you from claiming the federal EITC. You also can't claim the credit if you're the qualifying child of another taxpayer and someone such as your parent can claim you as a [dependent](https://www.thebalance.com/claiming-dependents-3193028).

**Other Income Requirements**

Your federal [adjusted gross income](https://www.thebalance.com/what-is-adjusted-gross-income-1293658) *and*modified adjusted gross income must be less than certain limits to qualify you for Indiana's earned income credit. As of the 2018 tax year, the following thresholds apply.

* $49,194 if you have three or more qualifying children, increasing to $54,884 if you're married and file a joint return
* $45,802 if you have two qualifying children, increasing to $51,492 if you're married and file a joint return
* $40,320 if you have one qualifying child, increasing to $46,010 if you're married and file a joint return
* $15,270 if you have no qualifying children, or $20,950 if you're married and file a joint return

**Rules for Qualifying Children**

A qualifying child must be younger than age 19 on the last day of the [tax year](https://www.thebalance.com/tax-year-defined-1293735) or age 24 if they are a student. They must have lived with you for more than half the tax year. Time spent away at college is not considered living away from home.

A qualifying child must be your child, stepchild, grandchild, or great-grandchild. They may also be your sibling, half-sibling, step-sibling, or a descendant of one of these relatives. Indiana has special rules for foster children, so if you're considering claiming a foster child for purposes of claiming the earned income credit, check with a tax professional first to make sure you qualify.

If a child is married, they cannot have filed a joint return with their spouse unless it was only so that they could claim a tax refund.

**The Amount of the Credit**

Indiana's credit cannot exceed 9 percent of your federal EITC, and it can be reduced by 9 percent of any alternative minimum tax you may owe.

**How to Claim**

Complete and attach [Schedule IN-EIC](http://www.in.gov/dor/4439.htm) to your Indiana tax return.

*NOTE: State and federal laws change frequently, and the above information may not reflect the most recent changes. Income thresholds are current through 2018 and can be expected to increase somewhat annually. Please consult with an attorney or tax professional for the most up-to-date advice. The information contained in this article is not intended as legal advice and is not a substitute for legal advice.*