

Earned Income Credit, Paid Preparer and Refund Anticipation Checks, Tax Years 2018–2021



The Earned Income Credit (EIC) is a federal tax credit for workers or families who have income that is equal to or below a defined tax year threshold (among an additional set of eligibility rules defined in Publication 596, Earned Income Credit). In addition to meeting the eligibility rules, a recipient's EIC amount depends on filing status and number of qualifying children.

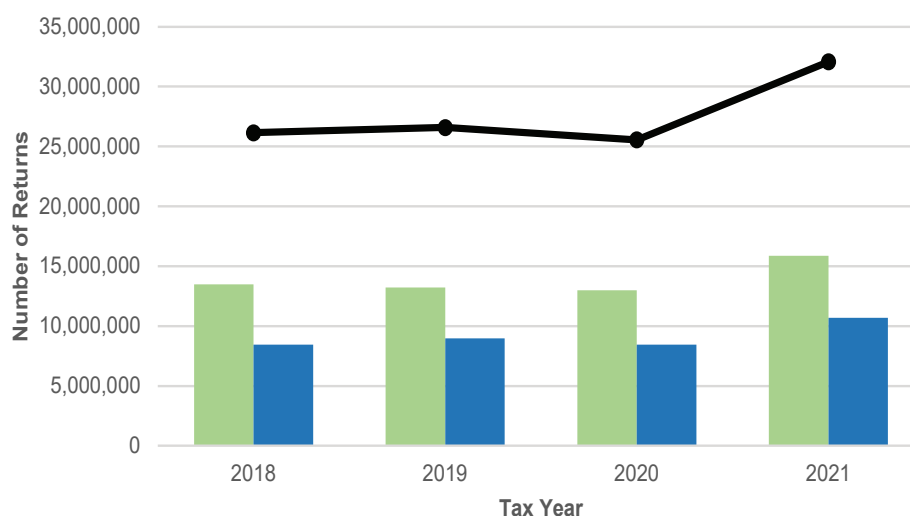
For recipients with zero qualifying children, the maximum credit amount was \$519 in Tax Year (TY) 2018, \$529 in TY2019, \$538 in TY2020, and nearly tripling to \$1,502 in TY2021. Based on whether a recipient has one, two, or three or more qualifying children, recipients received a maximum credit amount between \$3,461 and \$6,341 in TY2018, increasing modestly over the next 3 years to between \$3,618 (a 4.5% increase) and \$6,728 (a 6.1% increase) in TY2021. Specifically, for Tax Year 2021, the American Rescue Plan Act (ARPA) expanded the EIC for workers with zero qualifying children because it raised the eligibility age and increased both the income threshold and maximum EIC amount.

Among EIC recipients, half of individual income tax return filers used the assistance of a paid tax preparer to ensure the retrieval of these credits. Filers using a paid tax preparer may be offered a refund anticipation check for which both the tax preparation charge and the refund anticipation check fee are deducted from the taxpayer's refund prior to retrieval.

Highlights of the Data:

- The total number of returns with EIC was 26.1 million in Tax Year 2018, decreasing slightly for the next 2 years and then increasing to 32.1 million in TY2021 (a 25.4% increase over the previous year).
- While the percentage of EIC returns using a paid preparer remained fairly constant over TY2018-TY2021 (around 50%), the total number of EIC returns increased from 13.5 million to 15.9 million (a change of 17.8%).
- In all four years (2018–2021), nearly a third of all returns with EIC were filed as refund anticipation check returns. 2019 had the highest percentage of 33.8% (9.0 million).

Number of Returns with Earned Income Credit, Paid Preparer and Refund Anticipation Check



■ Paid Preparer Returns ■ Refund Anticipation Check Returns —●— Number of Returns



Individual
Tax Statistics

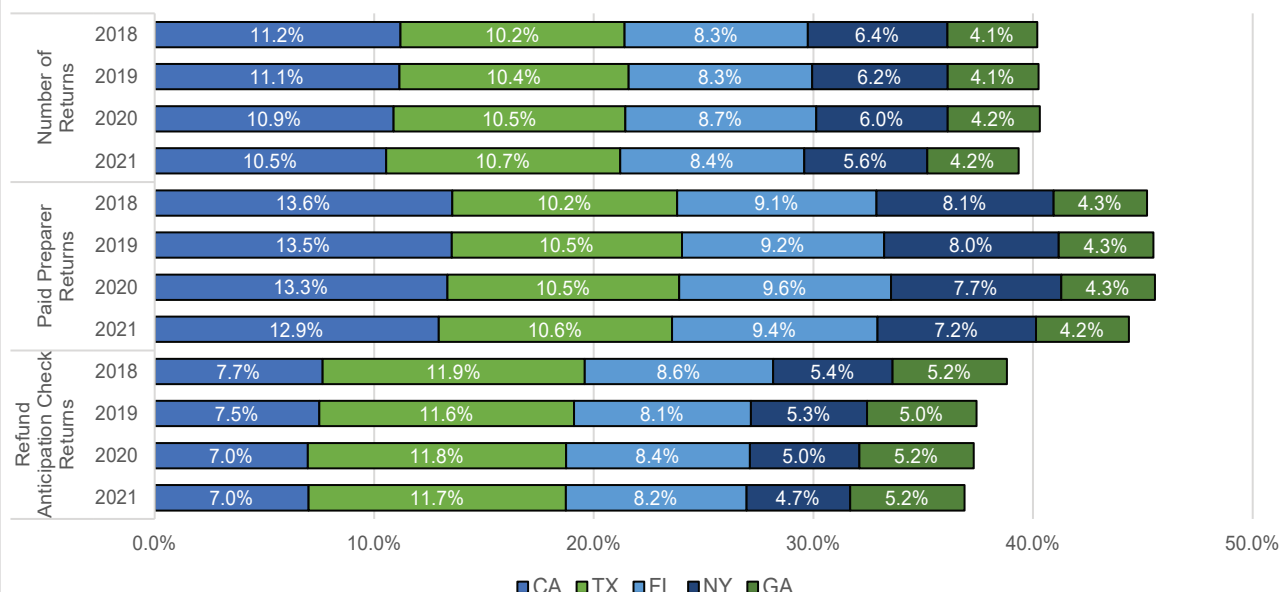


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- The top five states—California, Texas, Florida, New York, and Georgia—represented approximately 40% of the grand total of returns with EIC for Tax Years 2018–2021. Together, California and Texas represented approximately 20% of the grand total.
- The top five states for all four years had just over 45% of the total number of returns with EIC that used a paid preparer. Together, California and Texas had over one-fifth of this total number for each Tax Year: 23.8% in 2018, 24% in 2019, 23.8% in 2020, and 23.5% in 2021.
- The top five states during this 4-year period had slightly under two-fifths of the total number of refund anticipation check returns, with 38.8% for Tax Year 2018 and declining to 36.9% for TY2021. For all tax years, Texas had the largest percentage (just under 12%) of these returns, followed by Florida (approximately 8%), California (around 7%), and then New York and Georgia (each around 5%).

Percentage of Number of Returns, Paid Preparer Returns and Refund Anticipation Check Returns by Tax Year Conditioned on State



Additional Information:

More individual tax statistics data by state can be found on the IRS website at: <https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-state-data>.

Detailed information regarding eligibility for EITC, how to claim EITC, and income threshold(s) are available on the IRS website at: <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc>.

For guidance on how to choose a tax return preparer, visit the IRS website at: <https://www.irs.gov/taxtopics/tc254>.



Individual
Tax Statistics

