



BEACON HILL
FINANCIAL EDUCATORS

51A Middle Street Newburyport MA 01950

Phone: 800-588-7039 Fax: 877-902-4284

contact@bhfe.com

www.bhfe.com

Course Information

Course Title: *Earned Income Credit Course #291620*

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.

EA, OTRP 4 (All States) IRS: Qualified Sponsor number: *FWKKO*.

CPA: 4 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy (ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX 178025

Texas State Board of Accountancy: 009349

CLU, ChFC: 4 (Professional Recertification)

Course Description

The Earned Income Credit (EIC) is a refundable tax credit that has a significant impact on United States revenue. In fact, EIC claims in any year generally total more than \$68 billion.

EIC claims are also increasing in both number and amount¹. In the ten year period ending in 2016, the number of EIC claims increased from 24.6 million to 27.4 million, an increase of 11.4%. Not only had the number of claims for EIC increased over the period, the average credit per family also increased by 23.5%, from \$1,974 at the beginning of the period to \$2,437 in the year the 10-year period ended. The combination of an increased number of EIC claims coupled with an increase in the average credit caused the total amount of EIC claimed to climb by 37.5% over the period from \$48.5 billion to \$66.7 billion.

In a recent year, 150.3 million individual federal tax returns were filed, and 27.4 million—18.2% of individual taxpayers—claimed the Earned Income Credit. Based on that percentage, it would not be unexpected that approximately one taxpayer in every five may claim the EIC.

¹ Source: Internal Revenue Service, Statistics of Income Division, Table 1, Individual Income Tax Returns: Selected Income and Tax Items for Tax Years 1999 – 2016. <http://www.irs.gov/uac/SOI-Tax-Stats-Historical-Table-1>

Program Delivery Method: Self-Study (NASBA QAS Self-Study/Interactive)

Subject Codes/Field of Study

EA/OTRP: Federal Tax Law Update

CPA: Taxes

Course Level, Prerequisites, and Advance Preparation Requirements

Level: Overview. This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

Course Content

Publication/Revision date: 3/9/2020.

Author: Paul J. Winn CLU ChFC

Final exam (online): Forty questions (multiple-choice).

Instructions for taking this course

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on page one, studying the chapter-text, then studying the review quiz at the end of the chapter (answers to chapter review quizzes are at the end of the text). Once you have completed each chapter and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
- CFP® and EA credits are reported weekly.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

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Introduction to The Course

The Earned Income Credit (EIC) is a refundable tax credit that has a significant impact on United States revenue. In fact, EIC claims in any year generally total more than \$68 billion.

EIC claims are also increasing in both number and amount². In the ten year period ending in 2016, the number of EIC claims increased from 24.6 million to 27.4 million, an increase of 11.4%. Not only had the number of claims for EIC increased over the period, the average credit per family also increased by 23.5%, from \$1,974 at the beginning of the period to \$2,437 in the year the 10-year period ended. The combination of an increased number of EIC claims coupled with an increase in the average credit caused the total amount of EIC claimed to climb by 37.5% over the period from \$48.5 billion to \$66.7 billion.

In a recent year, 150.3 million individual federal tax returns were filed, and 27.4 million—18.2% of individual taxpayers—claimed the Earned Income Credit. Based on that percentage, it would not be unexpected that approximately one taxpayer in every five may claim the EIC.

Learning Objectives

Upon completion of this course, you should be able to:

- Apply the earned income credit rules to determine if a taxpayer is eligible for the tax credit;
- Identify the common errors committed in connection with the earned income credit;
- Describe the consequences of the IRS' disallowance of the earned income credit; and
- Recognize the tax return preparer's EIC due diligence requirements.

² Source: Internal Revenue Service, Statistics of Income Division, Table 1, Individual Income Tax Returns: Selected Income and Tax Items for Tax Years 1999 – 2016. <http://www.irs.gov/uac/SOI-Tax-Stats-Historical-Table-1>