



What is the State Earned Income Tax Credit?

The Earned Income Tax Credit (EITC) is a tax benefit that supports low- and moderate-income working families. It is especially valuable for families with children but also offers modest support for some workers without children. The goal of the EITC is to promote work, reduce poverty, and boost financial stability.

Utah families have two types of EITCs available: a federal one and a state one that builds on the federal one.

Federal Earned Income Tax Credit How much credit a family can claim depends on their earnings, marital status, and number of children. The credit amount and eligibility thresholds changes every year, adjusted for inflation. For Tax Year 2024, the credit can be worth up to \$7,830.

Eligibility is determined by:

- **Earned Income:** A family must work to qualify and have earnings within the eligibility thresholds. In 2024, eligible household income is between \$18,591

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and \$66,819, depending on filing status and number of children.

- **Investment Income Limit:** The family's total non-work investment income (e.g., interest, dividends, capital gains) must be less than \$11,600.
- **Documentation:** To qualify for the EITC, the filer, spouse if filing jointly, and the child claimed for the credit must have a valid Social Security number (SSN), and be a U.S. citizen or a resident alien all year.
- **Children:** Families can claim up to three children for this credit. Workers without children may qualify, but must be between ages 25-64.
- **Refundable:** The federal EITC is fully refundable, meaning lower-income families may still benefit, even if they owe little or no federal income tax. If the credit exceeds what the family owes in taxes, the difference is returned as a refund.

Utah State Earned Income Tax Credit

Utah's state EITC is worth 20% of the federal EITC. If a family qualifies for a \$2,000 federal EITC, they can claim an additional \$400 on their state income tax bill.

Eligibility is determined by:

- **Federal EITC:** The family must be eligible for and claim the federal EITC in the same tax year.
- **W-2 Filing:** The filer's earned income must be reported on a W-2 form. That means self-employed workers, gig workers, and contract workers are excluded from the state credit.
- **Non-Refundable Credit:** Utah's EITC is non-refundable—it can reduce the amount of state income tax owed but does not result in a refund. For example, a four-person family with two children typically won't owe any Utah income tax until they earn over \$40,000, so families below that threshold aren't eligible for the state EITC.

How Does this Earned Income Tax Credit Help Families?

The EITC is one of the most effective policy tools for reducing child poverty and promoting economic mobility. Even a few hundred dollars can help families:

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- Pay bills and rent
- Afford food, diapers, or car repairs
- Cover unexpected emergencies
- Invest in job training or education

Research consistently shows that families use the EITC to meet basic needs and create long-term opportunities for themselves.

How Many Utah Families Benefit from the Earned Income Tax Credit?

In 2023, 163,000 Utah families claimed the federal EITC with an average benefit of \$2,462.

Of those, 141,292 families received the state EITC with an average benefit of \$482.

[Blog: Empower Utah Families with Better Income Tax Credits](#) (Voices for Utah Children)

[Policy Basics: The Earned Income Tax Credit](#) (Center on Budget and Policy Priorities)

[Utah Earned Income Tax Credit](#) (Utah State Tax Commission)

[Who Qualifies for the Earned Income Tax Credit \(EITC\)](#) (Internal Revenue Service)