

National Earned Income Tax Credit (EITC)

The federal [EITC](#), created in 1975, is a tax credit that puts money back in the hands of working families that helps them afford food, rent, transportation, and other basic needs. This tax credit is refundable, meaning that if the amount of the credit is larger than the taxes owed, which is often the case for families who earn low incomes and have low tax liabilities, filers receive a refund for the difference. The tax credit phases in and out with income, with the highest credit a taxpayer with three or more children can receive being just under \$7,500. The credit begins phasing out around \$30,000, and no taxpayers who make over \$64,000 can claim the credit.

The Brookings Institution has called the EITC “the nation’s most effective tool for lifting low-income workers and their families above the poverty line,” and has cut the national poverty rate in half in the last 50 years.¹ In 2018, the EITC lifted about 5.6 million people out of poverty, including about 3 million kids.² The EITC is often seen as encouraging and rewarding work, as the credit grows with each additional dollar earned until it reaches the maximum income and credit amounts. Multiple studies have shown that the EITC encourages large numbers of single parents to join the labor force.

Maximum AGI and Credit Amounts for Tax Year 2023					
Single Filers			Joint Filers		
Kids	Income (Maximum)	Max Credit Amount	Kids	Income (Maximum)	Max Credit Amount
0	\$17,640	\$600	0	\$24,210	\$600
1	\$46,560	\$3,995	1	\$53,120	\$3,995
2	\$52,918	\$6,604	2	\$59,478	\$6,604
3	\$56,838	\$7,430	3	\$63,698	\$7,430

2023 IRS Data

Colorado Earned Income Tax Credit (EITC)

Colorado is one of 30 states, plus the District of Columbia and Puerto Rico, to offer a state level version of the EITC. About [430,000 taxpayers](#) in our state currently claim the EITC. Colorado’s refundable state EITC was made permanent in 2013, and before that was a temporary credit used only when Colorado had excess funds. In 2021, Colorado expanded the age eligibility for

¹ Trisi and Saenz. "Economic Security Programs Cut Poverty Nearly in Half Over Last 50 Years." Nov. 26, 2019.

² <https://www.cbpp.org/research/federal-tax/the-earned-income-tax-credit>

*Previously only workers aged 25 to 64 were eligible to claim the EITC.

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the state EITC to anyone over 19 years of age and expanded the benefit amounts through [HB21-1311](#).

The state EITC is only available to taxpayers who claim the federal EITC and is calculated as a percentage of their federal credit. In 2023, Colorado passed [HB23-1112](#), which expanded our state EITC to 38% of the federal credit for tax year 2024.

Colorado State EITC Match Changes

	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024	Tax Year 2025	Tax Year 2026
Colorado EITC	CO EITC is 10% of federal credit*	CO EITC is 10% of federal credit	CO EITC is 20% and expanded eligibility applies to any individual 19 and over**	CO EITC is 25% of federal credit	CO EITC is 38% of federal credit	CO EITC is 25% of federal credit	CO EITC is 20% of federal credit

2023 IRS Data

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