



What is Earned Income?

Earned income includes all the taxable income and wages you get from working.

There are two ways to get earned income:

- You work for someone who pays you
- or
- You work in a business you own or run

Taxable earned income includes:

- Wages, salaries, tips, and other taxable employee pay;
- Union strike benefits;
- Long-term disability benefits received prior to minimum retirement age;
- Net earnings from self-employment if
 - you own or operate a business, or
 - you are a minister or member of a religious order ([see Special Rules page for more information](#));
- Gross income received as a statutory employee.

Nontaxable Combat Pay election. You can elect to have your nontaxable combat pay included in earned income for EITC. The amount of your nontaxable combat pay should be shown on your Form W-2, in box 12, with code Q. Electing to include nontaxable combat pay in earned income may increase or decrease your EITC. See [Publication 3, Armed Forces Tax Guide](#), for more information.

Examples of Income that is Not Earned Income:

- Pay received for work while an inmate in a penal institution
- Interest and dividends
- Retirement income
- Social security
- Unemployment benefits,
- Alimony
- Child support.

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