



FAMILY INDEPENDENCE ADMINISTRATION

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POLICY DIRECTIVE #05-08-ELI

(This Policy Directive Replaces PD #03-08-ELI)

EARNED INCOME TAX CREDIT

Date: March 3, 2005	Subtopic(s): Budgeting
AUDIENCE	The information in this Policy Directive is for staff in all Job Centers and Non-Public Assistance (NPA) Food Stamp Offices.
POLICY	<p>The Internal Revenue Service provides both Federal and State tax credits to employed individuals with low income earnings. The tax credits are referred to as Earned Income Tax Credits (EITC).</p> <p>The Federal and State EITC are excluded as income and resources for both Public Assistance (PA) and Food Stamps (FS).</p>
BACKGROUND	<p>The Federal and State EITC are refundable tax benefits for working people with low or moderate incomes. Individuals who qualify for the EITC and file Federal and State tax returns can get back some or all of the income tax that was withheld during the year. To qualify for both the Federal and State credit, applicants/participants must claim an EITC on their Federal tax return and on their New York State tax return.</p> <p>The credits are an important tool that, if applied for, can drastically narrow the poverty gap as family members move into the workforce. Workers who qualify for the EITC and file Federal and State tax returns can receive benefits totaling more than \$5,000. In addition, households who qualified in the past two years and never received the EITC may file for these benefits.</p>

HAVE QUESTIONS ABOUT THIS PROCEDURE?
Call 718-557-1313 then press 2 at the prompt followed by 765 or
send an e-mail to *FIA Call Center*

EIC Advance	<p>The EIC Advance payment option allows some wage earners who are raising children to get part of their EIC in their paychecks throughout the year and part in a check from the IRS after they file their return. To apply for the EIC Advance, applicants/participants must complete IRS form W-5: EIC Advance Payment Certificate and submit it to their employer.</p>
Lump Sum Year-End EITC	<p>The EITC may be claimed when the annual tax returns are submitted at the end of the year. It is important to note that in order to claim the EITC, an income tax return must be filed even if no taxes are owed.</p>
Retroactive EITC	<p>An applicant/participant may be eligible for retroactive EITC, up to three years prior. This applies to both Federal and State EITC.</p> <p>Since the amount of the State EITC is based upon the Federal credit, the applicant/participant only needs to complete and submit the Claim for Earned Income Credit, Form IT-215 along with a copy of the prior year(s) income tax return(s). To obtain transcripts of prior year NYS tax returns and State Form IT-215, the applicant/participant should call (800) 462-8100.</p>
	<p>Please note that in order to request retroactive Federal or State EITC, an income tax return must have been filed for the year(s) the applicant/participant is requesting the retroactive credit. If not, then it is necessary to file an income tax return for that year and submit it along with the request for retroactive EITC.</p>
	<p>For further information on retroactive eligibility, the applicant/participant should call the IRS at (800) 829-1040.</p>
Penalty for Fraud or Improper EITC Claims	<p>An improper claim resulting from reckless or intentional disregard of IRS rules and regulations may cause a denial of future EITC for two years; fraudulent claims may result in not being allowed to file for EITC for the next ten years.</p> <p>Free tax assistance centers are provided in various locations in all five boroughs. The New York State Office of Temporary and Disability Assistance (OTDA) sent letters (see Attachment A) to Public Assistance and Food Stamp households to inform potentially eligible participants about the tax credit and EIC advance.</p>

REQUIRED ACTION

Workers at Job Centers and NPA Food Stamp Offices must inform all potentially eligible applicants/participants about the availability of EITC and advise them to seek further information and guidance by utilizing the following resources:

CD #05-05 contains a list of VITA sites.

- Internal Revenue Service/Volunteer Income Tax Assistance (VITA) at (800) 829-1040
- New York State Taxpayer Information at (800) 225-5829
- Department of Consumer Affairs at (212) 487-4444

PROGRAM IMPLICATIONS

Paperless Office System (POS) Implications

There are no POS implications.

Public Assistance Implications

As in previous years, EITC will not count as income or resources.

Food Stamp Implications

Federal and State EITC is excluded as food stamp income and resources.

Medicaid Implications

There are no Medicaid implications.

LIMITED ENGLISH SPEAKING ABILITY (LESA) IMPLICATIONS

For Limited English Speaking Ability (LESA) applicants/participants, make sure to obtain appropriate interpreter services in accordance with Policy Directive #02-43-OPE.

FAIR HEARING IMPLICATIONS

There are no Fair Hearing implications.

REFERENCES

OTDA Local Commissioners Memorandum 05-LCM-02

RELATED ITEMS

CD #05-05

ATTACHMENTS

- Attachment A** OTDA EITC Mailer
- Attachment A (S)** OTDA EITC Mailer (Spanish)

Please use Print on Demand to obtain copies of forms.

EARNED INCOME TAX CREDIT

ATTACHMENT A

Loc. Office/ Unit/ Worker:

THE FEDERAL AND STATE EARNED INCOME TAX CREDITS (EITC) ARE TAX BENEFITS FOR WORKING PEOPLE WITH LOW OR MODERATE INCOMES. BECAUSE YOU WORKED DURING 2004, YOU MAY BE ENTITLED TO EITC CHECKS FROM BOTH THE FEDERAL AND STATE GOVERNMENTS.

IF YOU QUALIFY FOR THE EITC **AND** FILE FEDERAL AND STATE TAX RETURNS, YOU NOT ONLY MAY RECEIVE SOME OR ALL OF THE INCOME TAX THAT WAS WITHHELD DURING THE YEAR, YOU MAY ALSO GET EXTRA CASH BACK IF YOUR EITC IS HIGHER THAN THE TAXES YOU OWE!

IF YOU ARE ELIGIBLE FOR THE EITCs, THAT MONEY WILL NOT COUNT AS INCOME FOR PUBLIC ASSISTANCE, MEDICAID OR FOOD STAMPS. THE MONEY CAN BE USED FOR ANYTHING:

- PURCHASE AN AUTOMOBILE OR BUY A BETTER ONE;
- BUY A COMPUTER FOR YOU AND YOUR CHILDREN;
- IMPROVE YOUR HOUSING;
- PURCHASE SCHOOL CLOTHING, SCHOOL SUPPLIES, OR SPORTS EQUIPMENT FOR YOUR CHILDREN;
- OR HELP PAY FOR RENT, HEAT AND CURRENT OR PAST BILLS.

TO RECEIVE THE EITCs, YOU MUST BE A SINGLE OR MARRIED PERSON RAISING A 'QUALIFYING' CHILD OR CHILDREN AT HOME AND:

- HAVE INCOME BELOW \$30,338 (OR \$31,338 IF MARRIED) FOR FAMILIES WITH ONE CHILD (UP TO \$3385 MAY BE CLAIMED); OR
- HAVE INCOME BELOW \$34,458 (OR \$35,458 IF MARRIED) FOR FAMILIES WITH TWO OR MORE CHILDREN (UP TO \$5590 MAY BE CLAIMED).

IF YOU ARE BETWEEN THE AGES OF 25 AND 65, EARNED LESS THAN \$11,490 (OR \$12,490 IF MARRIED) AND HAVE NO CHILDREN, YOU MAY BE ABLE TO RECEIVE UP TO \$507.

TO GET THE EITCs, ALL YOU HAVE TO DO IS:

- FILE A FEDERAL INCOME TAX RETURN USING FORM 1040 OR 1040A AND ATTACH **SCHEDULE EIC.**
- FILE A STATE INCOME TAX RETURN AND ATTACH **FORM IT-215.**

OR

IF YOU CHOOSE, YOU MAY ALSO RECEIVE THE EITC THROUGHOUT THE YEAR, UP TO \$117 PER MONTH, RATHER THAN IN A SINGLE CHECK. SIMPLY COMPLETE **FORM W-5: EIC ADVANCE PAYMENT CERTIFICATE** AND SUBMIT IT TO YOUR EMPLOYER.

ADDITIONALLY, IF YOU WORKED IN 2001, 2002, OR 2003 AND NEVER RECEIVED THE EITCs, YOU MAY DO SO NOW BY AMENDING YOUR FEDERAL RETURN AND BY FILING THE STATE TAX FORM **FORM IT-215** FOR THAT YEAR.

ALSO, IF YOU PAID FOR CHILD OR DEPENDENT CARE SO THAT YOU WERE ABLE TO WORK, YOU MAY BE ELIGIBLE TO TAKE THE CHILD & DEPENDENT CARE CREDIT ON YOUR FEDERAL AND NYS TAX RETURNS. COMPLETE FEDERAL FORM **FORM 2441** OR **SCHEDULE 2** AND NYS **FORM IT-216.** THIS CREDIT IS A PERCENT OF THESE EXPENSES YOU INCURRED.

QUESTIONS? CALL THE IRS TOLL-FREE AT 1-800-829-1040 OR STATE TAXPAYER INFORMATION AT 1-800-225-5829. YOU CAN ALSO RECEIVE HELP BY VISITING A VOLUNTEER TAX ASSISTANCE CENTER (VITA). TO FIND A VITA CENTER NEAR YOU, YOU CAN CALL THE IRS TOLL-FREE NUMBER.

CRÉDITO TRIBUTARIO POR INGRESO DEL TRABAJO

ATTACHMENT A (S)

Oficina Local/Unidad/Trabajador(a):

LOS CRÉDITOS TRIBUTARIOS (EITC) DEL GOBIERNO FEDERAL Y ESTATAL SON BENEFICIOS FISCALES DESTINADOS A TRABAJADORES CON INGRESOS BAJOS O MODERADOS. DEBIDO A QUE USTED TRABAJÓ DURANTE EL AÑO 2004, USTED TIENE DERECHO A CHEQUES DE EITC DEL GOBIERNO FEDERAL Y ESTATAL.

SI USTED REUNE LOS REQUISITOS PARA RECIBIR UN EITC Y PRESENTA UNA PLANILLA DE IMPUESTOS FEDERALES Y ESTATALES, USTED PODRÍA RECIBIR NO SOLAMENTE UNA PARTE O LA TOTALIDAD DE LOS IMPUESTOS RETENIDOS DURANTE ESE AÑO, SI NO QUE TAMBIÉN RECIBIRÍA DINERO ADICIONAL EN EFECTIVO SI SU EITC SOBREPASE LA CANTIDAD DE IMPUESTOS QUE USTED DEBE.

SI USTED REÚNE LOS REQUISITOS PARA RECIBIR LOS CRÉDITOS TRIBUTARIOS EITC, ESE DINERO NO CUENTA COMO INGRESO PARA FINES DE ASISTENCIA PÚBLICA, MEDICAID O CUPONES PARA ALIMENTOS. PUEDE USAR EL DINERO PARA LO QUE QUIERA.

COMPRAR UN AUTOMÓVIL O CAMBIAR EL QUE TIENE POR UNO MEJOR;
COMPRAR UNA COMPUTADORA PARA USTED Y SUS HIJOS;
MEJORAR SU VIVIENDA;
COMPRA ROPA Y ÚTILES PARA LA ESCUELA, O EQUIPAMIENTO DEPORTIVO PARA SUS HIJOS; O
LE SIRVE PARA PAGAR EL ALQUILER, CALEFACCIÓN Y OTRAS CUENTAS PENDIENTES O ACTUALES

PARA RECIBIR LOS CRÉDITOS TRIBUTARIOS EITC, USTED DEBE DE ESTAR SOLTERO(A) O CASADO(A) Y TENER A CARGO UN NIÑO O NIÑOS QUE «HABILITE(N)» COMO TAL VIVIENDO EN SU HOGAR Y:

TENER UN INGRESO MENOR DE \$30,338 (ó \$31,338 PARA PAREJAS CASADAS) PARA FAMILIAS CON UN SÓLO NIÑO (PUEDE RECLAMARSE HASTA \$3385); O BIEN
TENER UN INGRESO MENOR DE \$34,458 (ó \$35,458 PARA PAREJAS CASADAS) PARA FAMILIAS CON DOS O MÁS NIÑOS (PUEDE RECLAMARSE HASTA \$5590).

SI USTED TIENE ENTRE 25 Y 65 AÑOS DE EDAD, GANA MENOS DE \$11,490 (ó \$12,490 PARA PAREJAS CASADAS) Y NO TIENE NIÑOS; USTED PODRÍA RECIBIR HASTA \$507.

PARA RECIBIR LOS CRÉDITOS TRIBUTARIOS EITC, TODO LO QUE TIENE QUE HACER ES:

PRESENTAR UNA DECLARACIÓN DE IMPUESTOS FEDERAL USANDO LA PLANILLA 1040 Y EL ADJUNTO **SCHEDULE EIC**.
PRESENTAR UNA DECLARACIÓN ESTATAL Y ADJUNTAR EL **FORMULARIO IT-215**.

O BIEN

SI USTED LO DESEA, USTED TAMBIÉN PODRÍA RECIBIR EL EITC DURANTE EL AÑO, HASTA \$117 AL MES, EN VEZ DE RECIBIRLO EN UN SÓLO CHEQUE. SIMPLEMENTE COMPLETE EL FORMULARIO **W-5: EIC ADVANCE PAYMENT CERTIFICATE** Y SOMÉTELLO A SU EMPLEADOR.

ADEMÁS, SI USTED TRABAJÓ EN EL 2001, 2002, O 2003 Y NUNCA RECIBIÓ LOS EITC, LO PUEDE HACER AHORA ENMENDANDO SU DECLARACIÓN FEDERAL Y PRESENTANDO LA DECLARACIÓN ESTATAL **FORM IT-215** CORRESPONDIENTE A ESE AÑO.

ADEMÁS, SI USTED PAGÓ POR CUIDADO DE NIÑOS O POR CUIDADO DE DEPENDIENTES CON EL FIN DE PERMITIRLE TRABAJAR, USTED PODRÍA HABILITAR PARA RECIBIR EL CRÉDITO EN SU PLANILLA FEDERAL Y ESTATAL POR CUIDADO DE NIÑOS O DE DEPENDIENTES. RELLENE EL FORMULARIO FEDERAL **FORM 2441** O EL **SCHEDULE 2** Y **NYS FORM IT-216**. ESTE CRÉDITO REPRESENTA UN PORCENTAJE DE LOS GASTOS INCURRIDOS.

¿PREGUNTAS? LLAME, SIN COBRO, LA OFICINA DEL IRS AL 1-800-829-1040 AL NÚMERO ESTATAL PARA INFORMACIÓN A CONTRIBUYENTES «STATE TAXPAYER INFORMATION» al 1-800-225-5829. TAMBIÉN PUEDE RECIBIR AYUDA EN UNO DE LOS CENTROS DE ASISTENCIA A CONTRIBUYENTES «VITA». PARA UBICAR EL CENTRO VITA MÁS CERCANO, LLAME AL NÚMERO GRATIS DEL IRS.