

GENERAL INFORMATION SYSTEM
Center for Employment and Economic Supports

February 1, 2011

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TO: Commissioners; Temporary Assistance (TA) and Food Stamps (FS) Directors;
Staff Development Coordinators

FROM: Russell Sykes, Deputy Commissioner, Center for Employment and Economic
Supports

SUBJECT: The Treatment of Tax Refunds and Credits: TA and FS Policy Implications
of the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of
2010.”

EFFECTIVE DATE: Immediately

CONTACT PERSON: TA Program Questions: Bureau of Temporary Assistance at
(518) 474-9344; FS Program Questions: FS Bureau at 1-800-343-8859 Extension 3-
1469.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 signed into law in December 2010 included a provision exempting all tax refunds and credits as income and further exempting them as a resource for a period of 12 months. Outlined below are the policy implications of this change for TA and FS.

Temporary Assistance Implications

TA policy for Family Assistance (FA), Safety Net Assistance Federally Participating (SNA-FP) and Safety Net Assistance Not Federally Participating (SNA-FNP) is the following:

Tax Credits Exclusive of Earned Income Tax Credit (EITC)

Prior Policy: These were exempt as income in the month received and as a resource for one or two months depending on the type of credit.

New Policy: Now, all tax credits are exempt as income in the month received and for the following twelve months as a resource.

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Earned Income Tax Credit

There is no change in the treatment of EITC. This continues to be exempt as income when received and as resource thereafter. This policy applies to any EITC issued including federal, state, and city.

Income Tax Refund

Prior Policy: They were exempt as income in month received, but countable towards the \$2,000 resource limit.

New Policy: Now, they are exempt as income in month received and as a resource for the following twelve months.

Food Stamp Implications

Described below are the changes in Food Stamp Program policy for tax credits.

Tax Credits Exclusive of Earned Income Tax Credit (EITC)

Prior Policy: Previously, these credits were excluded as income. For those relatively few FS households still subject to a resource test under expanded categorical eligibility, the credits were excluded as a resource for one or two months following receipt of the credit, depending on the type of credit.

New Policy: All tax credits still are excluded as income. For those few FS households still subject to a resource test, the amount of the credit or any unspent balance is excluded as a resource for twelve months following receipt of the credit.

Earned Income Tax Credit

There is no change in the treatment of EITC. This continues to be excluded both as income and as a resource. This policy applies to any EITC issued including federal, state and city, and it applies whether the credit is paid as a lump sum or whether included in a pay check as a recurring estimated credit.

Income Tax Refund

Prior Policy: Excluded as income. For those few FS households still subject to a resource test, Income Tax Returns were countable as a resource.

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New Policy: Still excluded as income. For those few FS households still subject to a resource test, Income Tax Returns are excluded as a resource for twelve months following the month of receipt. Any remaining, identifiable balance of an Income Tax return would be considered to be a resource after twelve months.