



NEW YORK STATE
OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE
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Andrew M. Cuomo
Governor

Informational Letter

Section 1

Transmittal:	12-INF-02
To:	Local District Commissioners
Issuing Division/Office:	Center for Employment and Economic Supports
Date:	January 17, 2012
Subject:	Earned Income Tax Credit (EITC) and Other Tax Credits and Information for Tax Year 2011
Suggested Distribution:	Temporary Assistance Directors Food Stamp Directors Employment Coordinators
Contact Person(s):	Susanne Haag, (518) 486-6291
Attachments:	Attachment 1-New York State Tax Rebate Debit Card Brochure
Attachment Available On – Line:	<input type="checkbox"/>

Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
06 ADM-12	11 INF-03	352.20(g)	131-n	TASB 19(D)(11) FSSB 17(C)(24)	PUB 4786 PUB 4951 GIS 11 TA/DC002

Section 2

I. Purpose

The purpose of this Informational Letter (INF) is to inform social services districts (SSDs) of the changes in the Earned Income Tax Credit (EITC), and provide SSDs a summary of other available federal and State tax credits for Tax Year 2011.

SSDs are encouraged to inform clients and other low-income households of tax credits and the need to file federal and State income tax returns to claim these benefits. Details on how to obtain EITC outreach materials may be found in Part III - Program Implications of this INF.

II. Background

The EITC continues to be a very important tax benefit and work support available to employed low-income households. As in previous years, the New York State, New York City, and federal EITC is not deemed income or a resource for purposes of ongoing temporary assistance or the Home Energy Assistance Program (HEAP) eligibility.

In addition, New York State, New York City, and federal EITCs are excluded as being income or a resource for purposes of food stamp eligibility.

These tax credits are an important anti-poverty tool, which can dramatically increase economic resources available to eligible lower-income workers. Workers who qualify for the EITCs and file both State and federal tax returns can receive tax credits totaling up to \$7,476. In addition, households who qualified for the credit during the past three tax years, but who never claimed the EITC to which they were entitled for any of those years, may file retroactively for the prior year's EITCs.

The program implications of EITC and other tax credits are detailed in GIS 11 TA/DC002.

Over 1.6 million New York households claimed \$3.5 billion in federal EITC and \$963 million in State EITC for Tax Year 2009. The average combined claim per household was over \$2,700. The IRS estimates that approximately 80% of households eligible for these credits claimed them. That is why it is so important for districts to continue their outreach and education as to the available credits.

While OTDA's goal is to reach as many eligible low-income taxpayers as possible, particular target populations should include:

- Those receiving temporary assistance, food stamps, or HEAP who are working;
- Those leaving welfare for work who have had little or no previous labor force experience and may not be familiar with the EITC and other available tax benefits;

- Non-parent working relative caregivers who are raising EITC-eligible children in their home; and
- Legal immigrant households who may mistakenly believe they are ineligible for the EITC.

The EITCs can significantly increase the available income of low-income wage earners. For example, for a family with two children and one wage earner holding a full-time minimum wage job, the State and federal EITCs can add over one-third to that person's earnings. Therefore, it is important that SSD staff discuss the EITCs and encourage households to file for them. SSD staff should also encourage households to take advantage of Volunteer Income Tax Assistance (VITA) sites for free tax preparation assistance.

III. Program Implications

EARNED INCOME TAX CREDIT

The maximum credits have increased as follows:

- Three or more children	\$5,751 (federal)+\$1,725 (State)=\$7,476
- Two children	\$5,112 (federal)+\$1,533 (State)=\$6,645
- One child	\$3,094 (federal)+\$928 (State)=\$4,022
- No children	\$464 (federal)+\$139 (State)= \$603

The qualifying income limits for the EITCs have increased as follows:

- Three or more qualifying children	\$43,998 (or \$49,078 if married filing jointly)
- Two qualifying children	\$40,964 (or \$46,044 if married filing jointly)
- One qualifying child	\$36,052(or \$41,132 if married filing jointly)
- No qualifying children	\$13,660 (or \$18,740 if married filing jointly)

NEW YORK CITY EITC

New York City full-year residents and New York City part-year residents who claim the federal EITC may also claim a New York City EITC. A New York State income tax Form IT-215 must be completed and attached to the state income tax return in order to claim it. The credit is equal to 5% of the allowable federal EITC or up to \$287 for an eligible household with three or more children, up to \$255 for a household with two children, up to \$154 for a household with one child, and up to \$23 for a household with no children.

NONCUSTODIAL PARENT NEW YORK STATE EITC (NCP EITC)

New York State has a tax credit that is specifically available as an economic support for low-income noncustodial parents who are at least 18 years of age. The credit supplements the earnings of noncustodial parents and helps qualified taxpayers become

more involved in the economic and social well-being of their children. A Form IT-209: Claim for Noncustodial Parent New York State Earned Income Credit must be filed with Form IT-201 to claim it.

To be qualified, a noncustodial parent must:

- Be a New York resident taxpayer;
- Be 18 years of age or older;
- Be a noncustodial parent and have a child(ren) that does not reside with him/her;
- Have a child support order through a New York State Child Support Collection Unit (SCU) for at least one-half year; and
- Have paid (100%) of the current amount of child support due for any tax year in which the NCP EITC is claimed.

Further details may be found in 06-ADM-12.

EITC AND CHILD-ONLY CASES

Child-only cases are a significant portion of nearly every district's caseload. In many of these households where the payee is a grandparent or other relative, that payee is not receiving public assistance and has earned income. It is important to note that the children in these cases usually meet the definition of "qualifying child[(ren)]" for EITC. OTDA strongly suggests that, in those child-only cases where the payee has earned income, an effort is made to make these payees aware of their potential eligibility for the EITCs and assist them in filing.

FEDERAL CHILD TAX CREDIT and NEW YORK STATE EMPIRE STATE CHILD CREDIT

The federal Child Tax Credit, worth up to \$1,000 for each qualifying child under age 17, is a nonrefundable credit used to reduce the amount of tax actually owed. To the extent that the federal child tax credit might exceed the amount of tax actually owed, the taxpayer may claim the difference in the form of an Additional Child Tax Credit, which is a refundable credit. The Additional Child Tax Credit may be claimed by filing Form 8812: Additional Child Tax Credit with federal taxes.

The American Recovery and Reinvestment Act of 2009 (ARRA) reduced the minimum earned income amount used to calculate the Additional Child Tax Credit to \$3,000 from \$8,500 used in Tax Year 2008. This reduction continues for Tax Year 2011.

The Empire State Child Credit is a credit for children ages 4-16. Taxpayers can claim a credit equal to the greater of \$100 multiplied by the number of children who qualify for the federal Child Tax Credit or 33% of the taxpayer's federal Child Tax Credit. State Form IT-213 is used to claim the credit.

A working family can claim both the federal Child Tax Credit as well as the NYS Empire State Child Credit in addition to the EITCs.

CHILD AND DEPENDENT CARE CREDIT

The federal Child and Dependent Care Credit is a tax benefit that helps qualifying families pay for child care and can also help families that must pay for the care of a spouse or adult dependent that is incapable of caring for him or herself. The credit is a non-refundable credit which is a dollar-for-dollar reduction of the tax liability. A non-refundable credit can only reduce the tax liability to zero. The credit ranges from 20% to 35% of the taxpayer's expense. The percentage is based on the taxpayer's earned income and adjusted gross income. The credit may be claimed by completing and attaching Form 2441 to Form 1040 or, if Form 1040A is filed, complete and attach Schedule 2.

The New York State credit is a minimum of 20% and as much as 110% of the federal credit, depending upon the amount of NYS adjusted gross income. Form IT-216 is used to claim the State credit. A New York City Child and Dependent Care Credit are also available for New York City residents and may be claimed on Form IT-216.

The federal Child and Dependent Care Credits are not refundable tax credits; but are used to reduce any taxes owed. However, both the New York State and New York City credits are refundable in that if the amount that exceeds tax owed is refunded to the taxpayer.

EDUCATION CREDITS

There are two education credits that may be claimed by eligible students by completing federal Form 8863: Education Credits (American Opportunity and Lifetime Learning Credits).

American Opportunity Credit: This credit can be applied to the first four years of postsecondary education. \$2,500 is the maximum credit per student that may be claimed. A change that occurred for Tax Year 2009 and continues for Tax Year 2011 is that the credit is now refundable, which means a student can receive up to \$1,000 even if no taxes are owed.

Lifetime Learning Credit: This credit is available for students at any point in their postsecondary education and for courses to acquire or improve job skills. The maximum credit is \$2,000 for one household, regardless of the number of eligible students in the family.

New York State College Tuition Credit or Itemized deductions: This is a New York State tax credit for qualified tuition expenses that include only tuition paid for the undergraduate enrollment or attendance of the student at an institution of higher education. The refundable credit can be as much as \$400 per student for NYS residents. New York State nonresidents are not eligible for the credit. For tax year 2011, the maximum deduction is \$10,000 for each eligible student. The college tuition itemized

deduction may offer a greater tax savings if the taxpayer itemized deductions on their federal return. Taxpayers should use the worksheets in the instructions (IT-272-I instructions) to compute their deduction and see if the credit or deduction is better for them.

CLAIMING TAX CREDITS FOR PREVIOUS YEARS

Taxpayers who were eligible for, but did not claim State and federal tax credits for the last three years (Tax Years 2008, 2009, 2010) can claim them now by completing Form 1040X: Amended U.S. Individual Income Tax Return and attaching it to a copy of the tax return filed for that year. If a federal return was not filed, a worker will need to file [their] his or her taxes using the appropriate forms for that year.

The New York State EITC can likewise be claimed for the last three years by filing the Form IT-201X. Taxpayers must attach a copy of every attachment (including Form IT-2 and any New York State credit form) that was submitted with their original return to their amended return, even if it has not changed as a result of the amendment. Since the amount of the State EITC is based upon the federal credit, the worker needs to complete and submit the IT-215: Claim for Earned Income Credit for the appropriate year, if tax forms were filed for that year. If New York State tax[es] returns were not filed for the given year, they must be filed at the same time using IT-201: Resident Income Tax Return (long form).

FREE TAX PREPARATION AT VOLUNTEER INCOME TAX ASSISTANCE (VITA) SITES AND TAXPAYER ASSISTANCE

Individuals may obtain specific federal tax information by calling the IRS toll-free at 1-800-829-1040. New York State taxpayer assistance information is available by calling New York State Department of Taxation and Finance at 1-518-457-5181. Many workers, especially those who are new to the workforce, are hesitant to complete tax filings on their own because they are intimidated by the array of forms or are unfamiliar with the process. Such workers often seek help from commercial tax preparers and pay a fee for this service, which effectively reduces the net amount of any refund. In addition, some paid tax preparers offer, at an additional fee, a refund anticipation loan, also known as a “rapid refund.” Again, this fee reduces the net amount of the refund, and should be discouraged in most circumstances in favor of waiting for the full refund due from the government. A preferable alternative is for individuals to receive tax information or have their **tax forms filled out for free** by visiting their local VITA center. Most sites will also provide e-filing services at no charge and, if used, the taxpayer can receive their refund and/or credits within 10 business days. From mid-January through April 17th, 2012, VITA sites will operate in every county throughout the State.

Several SSD offices are hosting VITA sites this coming tax season. For those districts not hosting a tax preparation site, a statewide listing of VITA locations is available electronically on the OTDA website at: <http://otda.ny.gov/main/programs/tax-credits/vita/>. Locations of VITA offices will be publicized in the media or can be

obtained by calling the toll free IRS telephone number: 1-800-906-9887. OTDA recommends that SSD workers know where VITA sites are located in their districts and offer this information when encouraging families to apply for the EITC and other credits.

OUTREACH AND PROMOTIONAL MATERIALS

Outreach and promotional materials produced by the Center on Budget and Policy Priorities can be downloaded from their website: <http://eitcoutreach.org>. Within the kit are flyers and envelope stuffers available in both English and Spanish. Detailed information on tax credits and outreach strategies can also be downloaded from the site.

myBenefits WEBSITE

The OTDA website www.myBenefits.ny.gov serves as a single internet portal for visitors to connect with benefits, services, and work supports. Through this site visitors can learn about and be screened for an array of work supports from tax credits to food stamps, HEAP, WIC, health insurance, and school breakfast and lunch meals or they can apply on-line for the Food Stamp Program. There are also direct links to “Resources for Working Families” and a county-by-county listing of VITA sites. Because most taxpayers who are eligible for one work support are also likely to be eligible for many of the other supports, we strongly encourage local staff to provide their clients with this website address or access the site with their clients to screen them for eligibility for other work supports or to apply for food stamps.

FORMS INFORMATION

The EITC brochure, [PUB 4786: The Earned Income Tax Credit](#) has been updated and is available to be ordered:

- online - <http://otda.ny.gov/main/programs/publications/> or,
- by mail - complete order form [OTDA-876](#) and send it to:

NYS Office of Temporary and Disability Assistance
BMS Document Services and Operational Support
P.O. Box 1990
Albany, NY 12201

Copies of the brochure may be downloaded from the OTDA website at <http://otda.ny.gov/main/programs/publications/> including versions in Arabic, Chinese, Russian, and Spanish, as well as English.

Questions concerning ordering forms should be directed to BMS Document Services at 1-800 343-8859 ext. 4-9522 or by email to: forms.orders@otda.state.ny.us.

NEW YORK STATE TAX REBATE DEBIT CARD INFORMATION

For the 2011 tax year, the New York State Tax Department will offer taxpayers a new option for receiving their personal income tax refunds via a prepaid debit card. This new prepaid card is a particularly useful option for taxpayers who do not have bank accounts. The state-administered prepaid card enables these taxpayers to avoid the expense of check cashing fees. There is no charge to the taxpayer for using the card to make in-network ATM cash withdrawals or purchases, or to remove cash from the card in one bank teller transaction (see attached New York State Tax Rebate Debit Card Brochure). Direct deposit and paper checks will still be available.

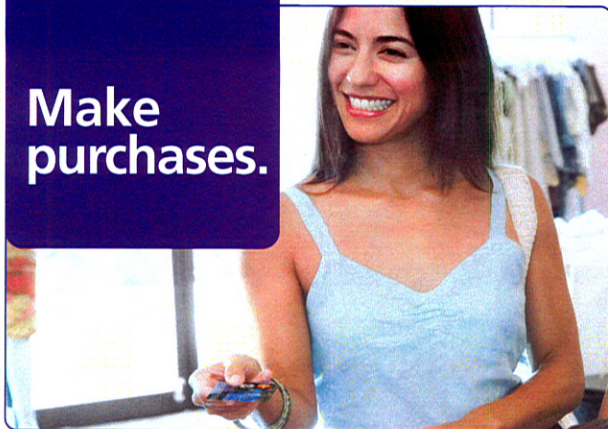
Issued By

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Make purchases.



Pay bills.



Get cash.



Why carry some of your money some of the time when you can safely keep it all on your Card and make purchases whenever you want? You can use your Card at many of your favorite retailers to conveniently buy groceries, clothing, and other essentials.

Debit MasterCard is welcome at millions of locations and there's never a fee to use it in stores. And when you use your Card, you won't have to worry about counting the money you give or get back in change.

Save time and money when you use your Card to pay bills by phone or online. There's no need to purchase a money order and wonder if your payment has been received or get cash and travel to a location to pay in person.

Whenever you have a bill to pay, just ask if you can use your Debit MasterCard. The Card is accepted by many utilities, insurance companies, landlords and other businesses. There's no easier ... or faster ... way to pay.

You can also get cash:

- When you use your Card to make purchases at retailers that accept MasterCard.
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Both services are convenient ... and fee-free.

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**Safe. Easy.
Convenient.
Economical.**



Fee Schedule

PURCHASE

Purchase at merchants that accept Debit MasterCard including Online, Phone, Mail, Bill Payment

No Fee

ATM TRANSACTIONS*

Bank of America or Allpoint ATM Withdrawal (in the U.S.)

No Fee

ATM Balance Inquiries or Declined Transactions (all ATMs)

No Fee

Non-Bank of America or Non-Allpoint ATM Withdrawal (in the U.S.)

\$1.00 per transaction*

ATM Withdrawal (all ATMs outside the U.S.)

\$1.00 per transaction*

OTHER SERVICE FEES

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No Fee

Online Funds Transfer

No Fee

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No Fee

Cash Back with Purchases

No Fee

Cash from a Bank Teller

No Fee for first withdrawal, \$1.00 thereafter

Card Replacement by Express Delivery

\$10.00 per request

International Transaction Fee

2% of U.S. dollar amount

*ATM owners may impose an additional "convenience fee" or "surcharge fee" for certain ATM transactions; however, you will not be charged any additional convenience or surcharge fees at Bank of America or Allpoint ATMs which will prominently display the Bank of America or Allpoint name and logo.



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It's cost efficient.

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