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 | INFORMATIONAL LETTER |
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TRANSMITTAL: 92 INF-12

TO: Commissioners of
 Social Services

DIVISION: Income
 Maintenance

DATE: February 19, 1992

SUBJECT: The 1992 Earned Income Credit Campaign

SUGGESTED

DISTRIBUTION: Public Assistance Staff
 Food Stamps Staff
 Medical Assistance Staff
 Staff Development Coordinators
 Employment Coordinators

CONTACT PERSON: Public Assistance
 Mark Schaffer at 1-800-342-3715, extension 4-9346
Food Stamps
 County Representative, extension 4-9225

ATTACHMENTS: Attachment I - Schedule EIC - not available on-line
 Attachment II - EIC Envelope Stuffer - not
 available on-line
 Attachment III - Publication 310 NY - not available
 on-line

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
90 INF-31				FSSB	90 LCM-42
90 INF-20				XII-G-7	GIS 90
				PASB	IM/DC009
				XVI-B-2	GIS 91
				XVI-J-1.4	IM/DC020
				XXI-A-5	

The Earned Income Credit (EIC) is available again this year. There are some important changes that we want to make you aware of to assure that all eligible families take advantage of the program.

First, EIC benefits have been increased. Some families will be eligible to receive a credit of as much as \$1235. In addition, two extra EIC benefits are available to certain families:

- Families with a child born in 1991 can receive an extra benefit of up to \$357; and
- Families that pay at least part of the premiums for a health insurance policy that includes health care coverage for a child may receive an extra credit of up to \$428.

Families that qualify for both the basic EIC and the extra credits can receive up to \$2020 this year.

Second, families will have to file a special form - Schedule EIC - in order to get their benefit (Attachment I). That is why an outreach effort on the local level is so important. Previously, an eligible family needed only to file a federal tax return to receive the EIC. Now, families must fill out the "Schedule EIC" and attach it to their tax return. All families that receive a 1040A or 1040 tax package from IRS will receive the Schedule EIC in their package. Families may not use the 1040 EZ to claim their EIC. Although the form may look intimidating, it is not difficult to complete. In fact, if a family fills out side one of the form, IRS will fill out side two, the more difficult side, and calculate the credit for the family.

Third, the filing status of tax filers is less restrictive with tax year 1991. Virtually any family with earnings and a child in the home at least six months of the year will qualify for the EIC so long as the family's earnings and adjusted gross income are below the EIC limit of \$21,250. This includes low income working families with a foster child in the home throughout the year, even though they may have no other children.

For tax year 1989, the latest year for which figures are available, over 745,000 New Yorkers received over \$408 million dollars in EIC payments. And yet, there are still eligible families that did not receive benefits to which they were entitled. There are a number of actions that local staff can take to increase the number of beneficiaries of this program.

Districts can:

- o Send a notice about EIC, and the necessity to file a federal tax return to receive it, to all families who currently have earned income or had earned income in 1991;
- o Send the same notice to families who worked their way off assistance in 1991;

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- o Inform public assistance and food stamp clients in the same mailing that they can receive exempt EIC throughout the year in their paychecks, rather than a lump sum, by filing a W-5 with their employer; and
 - o Inform clients that EIC can be applied for retroactively for three years, tax years 1988, 1989, and 1990.

It is important that clients know that EIC is exempt as a resource for public assistance and food stamps in the month received and the following month, and that they can be eligible for EIC even if no federal income tax is owed or no tax is withheld from their paycheck. If the credit is greater than the amount of taxed owed, the tax bill will be reduced to zero. IRS will send the family a check for the remainder of the EIC.

In order to inform clients and low income working families about the EIC, public service announcements are being planned along with a poster campaign. There are also some things that you can do:

- o Photocopy the "EIC Envelope Stuffer" and include it with client mailings (Attachment II);
- o Promote the EIC via newsletters, both your own and others;
- o Inform your own employees and the employees of your contractors and suppliers;
- o Inform local community groups, service providers and religious institutions; and
- o Encourage local businesses, banks and utility companies to publicize the EIC to its customers.

Finally, clients may obtain specific tax information by calling the IRS toll-free at 1-800-829-1040 or by visiting their local Volunteers Income Tax Assistance center (VITA). Locations of VITA offices will be publicized in the media. Their locations can also be found by calling the toll-free IRS phone number.

Oscar R. Best, Jr.
Deputy Commissioner
Division of Income Maintenance