

DEPARTMENT OF SOCIAL SERVICES

40 NORTH PEARL STREET, ALBANY, NEW YORK 12243-0001



BRIAN J. WING
Acting Commissioner

INFORMATIONAL LETTER

TRANSMITTAL: 97 INF-3

TO: Commissioners of
Social Services

DIVISION: Temporary
Assistance

DATE: January 14, 1997

SUBJECT: The 1997 New York State and Federal Earned Income
Credit Campaign

SUGGESTED DISTRIBUTION: Temporary Assistance Staff
Food Stamp Staff
CAP Staff
Health and Long Term Care Staff
Employment Coordinators
Staff Development Coordinators

CONTACT PERSON: Call Regional Team Representatives at 1-800-343-8859
Region I - 3-0332; Region II - 4-9344; Region III -
4-9307; Region IV - 4-3231; Region V - 3-1469;
Region VI - 212-383-1658

ATTACHMENTS: Attachment I - Schedule EIC-not available on-line
Attachment II - Form IT-215-not available on-line
Attachment III - EIC All Purpose Flyer (English and
Spanish versions)-not available on-line
Attachment IV - EIC Envelope Stuffer-not available
on-line
Attachment V - EIC Federal Benefit Chart - not
available on-line

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
95 ADM-15 95 INF-3	✓ 95 INF-3			<u>FSSB</u> XII-G-7 <u>PASB</u> XVI-B-3 XVI-J-1.4 XXI-A-5	

DSS-329EL (Rev. 9/89)

For tax year 1996, there are no significant changes to the federal Earned Income Credit program from previous years. The state EIC however, has been increased. It is now 20% of the federal EIC. Most important, the EIC continues to be a tax benefit that is available to employed public assistance and food stamp recipients that will not affect their eligibility for benefits. EICs will not count as income for public assistance in the month received and the following month. Federal and state EIC's continue to be excluded as food stamp income.

The EIC provides several important incentives to work: it reduces the tax burden on low-income wage earners, it supplements wages and it serves to reward work. Workers who qualify for the EIC and file federal and state tax returns can get back some or all of the income tax that was deducted during the year. Even workers whose earnings are too small to have paid taxes can get the EIC. For example, for a family with two children and one wage earner holding a full-time minimum wage job, the state and federal EICs can add over one-third to that person's earnings!

Specifically, combined EIC benefits for qualifying families can be as much as \$4267. The credit is attainable by families or individuals who worked full time or part time at some point in 1996 depending on their income:

- 1) Workers who were raising one child in their home and had family income of less than \$25,078 in 1996 can get an EIC of up to \$2152 from federal income tax and \$430 from state income tax.
- 2) Workers who were raising more than one child in their home and had family income of less than \$28,495 in 1996 can get an EIC of up to \$3556 from federal income tax and \$711 from state income tax.
- 3) Workers who were not raising children in their home but were between ages 25 and 64 on December 31, 1996 and had income below \$9500 can get an EIC of up to \$323 from federal income tax and \$64 state income tax.

NOTE: Qualifying children include: sons, daughters, stepchildren, grandchildren, and adopted children as long as they lived with the taxpayer for more than half the year. Nieces, nephews, children of a friend or foster children can be qualifying children if they lived with the taxpayer all year and were cared for as members of the family. Qualifying children must be under age 19, or under age 24 if they are full-time students. Totally and permanently disabled children of any age also are considered qualifying children. A valid Social Security number is required for any qualifying child born before December 1, 1996.

To claim the federal EIC, workers raising children in 1996 must file either Form 1040 or 1040A, fill out and attach Schedule EIC (Attachment I) and file a joint return if married. Workers who were not raising children in 1996 can file any tax form, including the 1040EZ. Tax filers do not have to calculate their own EIC; if they choose the IRS will do it for them. To claim the state EIC, filers must complete Form IT-215 (Attachment II) and attach it to the state income tax return. More detailed information regarding the state EIC is included in all New York State Income Tax packets.

It is also important for low-income wage earners to know that instead of receiving one large check from the IRS after they file a tax return, that they can receive a part of their EIC in every paycheck and the rest of the credit after they file. This is called the **"advance EIC payment."** For many workers, getting part of the EIC in each paycheck can make a difference in paying rent, buying groceries or meeting other day-to-day needs. For example, a worker making between \$490 and \$1045 a month can get about \$50 extra in each bi-weekly paycheck. Employers also benefit because it can increase the take home pay of their employees at no cost to the business. Workers can get the advanced payment by completing **Form W-5: Earned Income Credit Advance Payment Certificate** and submitting it to their employer. The W-5 can be completed at any time during the year, but a new one must be filed at the beginning of each year by the worker to continue getting the EIC in their paychecks.

In order to inform clients and others about the EICs, there are some things social services districts can do:

- When advising applicants of the advantages of work over welfare, bring EIC into the discussion giving specific examples of how EIC combined with earnings increases family income;
- Photocopy the "EIC Envelope Stuffer" and include it with any client mailings (Attachment IV);
- Photocopy and distribute the all-purpose flyer (Attachment III) to:
 - physicians;
 - hospitals, clinics, and other health facilities;
 - food pantries;
 - child care centers;
 - schools;
 - libraries;
 - WIC sites;
 - churches;
 - employers who have large numbers of part-time and low-income employees;
 - housing authorities.

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- Promote the EICs via newsletters, both your own and others;
 - Inform local community groups such as the United Way, the Junior League and other service providers;
 - Encourage local businesses, banks and utility companies to publicize the EICs to their customers.

Clients may obtain specific federal tax information by calling the IRS toll-free at 1-800-829-1040. State taxpayer information is available toll-free by calling 1-800-225-5829.

Finally, clients can receive tax information or have their tax forms filled out for free by visiting their local Volunteer Income Tax Assistance center (VITA). From late January through April 15, VITA volunteers will be at sites in local areas throughout the state. Locations of VITA offices will be publicized in the media or by calling the toll-free IRS phone number.



Patricia A. Stevens
Deputy Commissioner
Division of Temporary Assistance