

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

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| LOCAL COMMISSIONERS MEMORANDUM |
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OTDA-4037EL (Rev. 11/98)

Transmittal No: 00 LCM-11

Date: May 19, 2000

Division: Transitional
Supports & Policy

TO: Local District Commissioners

SUBJECT: Earned Income Credit (EIC)

ATTACHMENTS: None

As you know, the Earned Income Credit (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. In our continuing efforts to increase the number of low-income wage earners in New York State who take advantage of the EIC, I would like to take this opportunity to alert you to another method by which the EIC may be claimed: the amended return.

For many reasons, persons eligible for the EIC in previous years may not have claimed the credit to which they were entitled. However, they may still claim the credit for up to the last three years. For example, a worker who was eligible for the EIC in 1997 but did not claim it can fill out a Form 1040X: Amended U.S. Individual Income Tax Return and attach it to a copy of the regular 1997 tax form he or she filed for that year. The worker must also fill out and attach Schedule EIC for 1997. Copies of prior year forms may be obtained by telephoning 1-800-TAX-FORM. If a worker did not file a tax return for a previous year, they will need to file taxes using the appropriate forms for that year. It is important to note that the income limitations and credit amount varies every year.

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The New York State credit can also be claimed for up to the last three years. Since the amount of the State EIC is based upon the federal credit, the worker only 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 taxes were not filed for the given year, they must be filed at the same time. Copies of New York State tax forms for previous years are available by telephoning 1-800-462-8100.

Any EIC that is received will not count as income or resources for temporary assistance and is excluded as food stamp income. Their treatment as a resource is outlined in the Food Stamp Source Book. For further information please refer to 00 INF-4: The New York State and Federal Earned Income Credit Campaign. With the increasing numbers of welfare recipients moving into low-wage employment, it is vital that social services districts help working clients take advantage of the EIC. If you have any questions regarding the EIC, please contact Mark Schaffer of my staff at (518) 474-9346.

Sincerely,

Shari Noonan
Director
Office of Transitional
Supports & Policy