
INFORMATIONAL LETTER

TRANSMITTAL: 93 INF-9

TO: Commissioners of
 Social Services

DIVISION: Economic
 Security

DATE: February 22, 1993

SUBJECT: The 1993 Earned Income Credit Campaign

SUGGESTED

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

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

ATTACHMENTS: Attachment I - Schedule EIC - not available on-line
 Attachment II - EIC Envelope Stuffer - not available on-line
 Attachment III - EIC All-Purpose Flyer (English and Spanish versions) - not available on-line
 Attachment IV - 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.
91 INF-20	91 INF-20			FSSB	90 LCM-42
90 INF-31	90 INF-31			XII-G-7	GIS 91 IM/DC020
				PASB	
				XVI-B-2	
				XVI-J-1.4	
				XXI-A-5	

Once again, the Earned Income Credit (EIC) is available to low-income and public assistance households. Unlike last year, there have been no major alterations to the program, but we want to make you aware of what changes have been made. This is important because the EIC can make a real difference in the lives of public assistance recipients who had earned income in 1992, so long as they know it exists and how to receive it.

EIC benefits have increased for 1992. Families qualifying for the EIC credit, and the two "extra" EIC credits, can receive a credit of as much as \$2211, an increase of \$191 over the maximum credit for tax year 1991. The maximum credit is attainable by families in the following manner:

- o Families with one child can receive up to \$1324. Families with two or more children can receive up to \$1384;
- o Families with a child born in 1992 can receive an extra credit of up to \$376; and
- o Families that pay at least part of the premiums for a health insurance policy that covers a child can receive an extra credit of up to \$451.

For example, most eligible families earning between \$6000 and \$14,000 will qualify for at least a \$1000 credit.

In order to claim the EIC, families must file a federal income tax return and attach a special form - Schedule EIC (Attachment I). Unlike previous years, the IRS will not award the basic EIC credit unless the Schedule EIC is attached. Eligible families may use either form 1040 or 1040A and married couples must file jointly. It is important to note that families whose incomes are so low they are not required to file a federal return are still eligible for EIC benefits, but they must file a tax return and Schedule EIC in order to obtain the credit. Form 1040EZ can not be used to claim any of the credits.

Virtually any working family that had income of less than \$22,370 in 1992 and had at least one child living at home for more than half a year is eligible. The credit is available both to married and single parents. Even families that earn too little to owe federal income tax can be eligible for the EIC. Working parents with a foster child may receive the EIC, even if the parents have no other children. However, if the parents have no other children at home, the foster child must reside with the family for the full year for the family to qualify for EIC payments.

For tax year 1991, over 813,000 New Yorkers received over \$644 million in EIC payments. Despite publicity campaigns in past years, there are still

many 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 1992. In January, an "Earned Income Extract" and mailing labels were sent to ABEL liaisons in each social services district. That extract listed all cases which had income budgeted on ABEL during 1992;
- o Send the same notice to families who worked their way off assistance in 1992;
- o Inform public assistance and food stamp clients in the same mailing that they can receive exempt EIC as an advance payment throughout the year in their paychecks, rather than a lump sum, by filing a W-5 with their employer. Workers currently receiving their EIC as an advance payment should be reminded that they must file a new W-5 at the beginning of each year to continue receiving the EIC in their paychecks; and
- o Inform clients that EIC can be applied for retroactively for three years, tax years 1989, 1990 and 1991.

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 taxes owed, the tax bill will be reduced to zero and the IRS will send the family a check for the remainder of the EIC.

In order to inform clients about the EIC, there are some things you can do:

- o Photocopy the "EIC Envelope Stuffer" and include it with client mailings (Attachment II);
- o Photocopy and distribute the all-purpose flyer (Attachment III);
- 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 or calling: in Albany 518-472-3636, Buffalo 716-685-8328, Brooklyn 718-488-2908, Manhattan 212-264-3310.

Oscar R. Best, Jr.
Deputy Commissioner
Division of Economic Security