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 | INFORMATIONAL LETTER |
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TRANSMITTAL: 94 INF-3

TO: Commissioners of
 Social Services

DIVISION: Economic
 Security

DATE: January 12, 1994

SUBJECT: The 1994 Earned Income Credit Campaign

SUGGESTED

DISTRIBUTION: Public Assistance Staff
 Food Stamp Staff
 CAP Staff
 Medical Assistance Staff
 Employment Coordinators
 Staff Development Coordinators

CONTACT PERSON: Public Assistance
 Mark Schaffer at 1-518-474-9348
Food Stamps
 County Representatives at 1-518-474-9225

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. |
|-----------------------|-----------------------|-------------|---|--|------------|
| 93 INF-9 | 93 INF-9 | | | FSSB XII-G-7 PASB XVI-B-2 XVI-J-1.4 XXI-A-5 | |

For tax year 1993, the Earned Income Credit is available to low-income and public assistance households. Other than increasing the value of the various EIC credits, the program for tax year 1993 remains essentially unchanged from the 1992 program. Most important, we want to encourage all persons who may be eligible (recipients and non-recipients alike) to apply for the credit. Data from federal agencies indicate that many more low-income wage earners in New York are eligible for the credit than are actually applying for it. This is an opportunity to reward the work efforts of low-income wage earners and at the same time bring additional revenues into the State.

EIC benefits have increased for 1993. Qualifying families can receive a credit of as much as \$2364, an increase of \$153 over the maximum credit for tax year 1992. The maximum credit is attainable by families in the following manner:

- o Families with one child can receive up to \$1434. Families with two or more children can receive up to \$1511;
- o Families with a child born in 1993 can receive an extra credit of up to \$388; and
- o Families that pay at least part of the premiums for a health insurance policy that includes coverage for a child may receive an extra credit of up to \$465.

The amount of the credit varies according to a family's income level. Most eligible families earning between \$5500 and \$15,500 will qualify for at least \$1000.

The procedure to claim the EIC has not changed. Families must file a federal income tax return and attach Schedule EIC (Attachment I). Eligible families may use either form 1040 or 1040A and married couples must file jointly. Filers may choose to fill out only the first side of Schedule EIC and the IRS will calculate the EIC for them.

Virtually any working family that had income of less than \$23,050 in 1993 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. 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 to obtain the credit. 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 the purposes of the EIC, a "foster" child can be any child an adult lives with for the full year and treats as his or her own.

During January 1994, the Department will send a mailing to any recipient who had earned income during 1993 or former recipients who had their cases closed during 1993 and had earned income. The letter will inform recipients:

- o Of their potential eligibility for the EIC and how they may obtain it;
- o That they can receive the EIC throughout the year in their paycheck and must complete Form W-5 (Earned Income Credit Advance Payment Certificate) and submit it to their employer to receive it; and
- o How they can receive help with their EIC questions.

Upstate districts will continue to receive lists and mailing labels from the Earned Income Extract of clients with any earned income present on an ABEL Budget during 1993. The labels may be used at the discretion of each district.

It is important that clients know that the 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 the 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 recipients and others about the EIC, there are some things you can do:

- o Photocopy the "EIC Envelope Stuffer" and include it with any client mailings (Attachment II);
- o 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.
- o Promote the EIC via newsletters, both your own and others;
- o Inform local community groups such as the United Way, the Junior League and other service providers;
- o Encourage local businesses, banks and utility companies to publicize the EIC to their customers.

Clients may obtain specific tax information by calling the IRS toll-free at 1-800-829-1040. Clients can also listen to a recorded message by calling the IRS "teletax" service at 1-800-829-4477. They can request topic 402 for the English message; for the Spanish message, press * on a touchtone phone, pause, then press 2, and finally press 754. The IRS phone number for hearing impaired persons who have access to TDD equipment is 1-800-829-4059.

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.

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