

+-----+
 | INFORMATIONAL LETTER |
 +-----+

TRANSMITTAL: 95 INF-3

TO: Commissioners of
 Social Services

DIVISION: Economic
 Security

DATE: February 6, 1995

SUBJECT: The 1995 New York State and Federal Earned Income
 Credit Campaign

SUGGESTED

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

CONTACT PERSON: Call 1-800-343-8859
 Public Assistance: Mark Schaffer, extension 4-9348
 (Userid AV1160)
 Food Stamps: District Representative, extension 4-9225

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 Benefit Chart - not available on-line
 Attachment VI - 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.
94 INF-3	94 INF-3			FSSB XII-G-7 PASB XVI-B-3 XVI-J-1.4 XXI-A-5	

For tax year 1994, the Earned Income Tax Credit (EIC) has four big changes:

- o the federal EIC has again been increased;
- o the federal EIC has been simplified by the elimination of the extra health care and infant child credit;
- o some workers without a qualifying child will now be included; and
- o for the first time, New York State will have an EIC.

This year, there is a real opportunity to reward the work efforts of low-income wage earners. For example, for a family with two children and one wage earner holding a full-time minimum wage job, the state and federal EICs will add nearly one-third to that person's earnings. It is more important than ever that recipients and non-recipients alike are informed about and apply for this credit.

Specifically, combined EIC benefits for qualifying families can be as much as \$2,718, an increase of \$354 over the maximum credit for tax year 1993 when there was only a federal credit. The credit is attainable by families or individuals in the following manner:

- o families with one child can receive up to \$2,038 and families with two or more children can receive up to \$2,528. In addition to the federal EIC, the state EIC is 7.5% of the federal credit claimed. (New York State law provides for an increase in the percentage over the next three years, reaching 20% of the federal credit by 1997).
- o Some individuals may qualify to receive up to \$306 from the federal EIC, even if they do not have children, and they can also apply for and receive the state EIC.

The procedure to claim the federal EIC has not changed. Families or individuals must file a federal income tax return and attach Schedule EIC (Attachment I). Eligible families or individuals may use either Form 1040 or Form 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. 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.

Virtually any worker who had income of less than \$23,755 in 1994 and had at least one child living at home for more than half the year is eligible (a full year for a foster child). The earning cap is \$25,296 for workers who had more than one child living with them. The child must be under the age of 19 or under the age of 24 if she or he is a full-time student. Children of any age qualify if they are permanently and totally disabled as long as they lived with the taxpayer for more than half the year. A worker who had income less than \$9,000 who is at least age 25 but under the age of 65 with no dependent children may also be eligible.

Families and individuals whose incomes are so low they are not required to file either a state or federal return are still eligible for EIC benefits, but they must file tax returns and appropriate EIC forms to obtain the credit.

During January 1995, the Department sent a mailing to any recipient who had earned income during 1994 or former recipients who had their cases closed during 1994 and had earned income. The letter informed 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.

Unless otherwise specified, 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 1994. The labels may be used at the discretion of each district.

It is important that district staff inform clients that the EICs will not count as income for public assistance and food stamps in the month received and the following month, and that they can be eligible for the EICs even if no federal or state income tax is owed or no tax is withheld from their paycheck.

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

- o 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;
- o Photocopy the "EIC Envelope Stuffer" and include it with any client mailings (Attachment III);
- o Photocopy and distribute the all-purpose flyer (Attachment IV) 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 EICs 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 EICs to their customers.

Clients may obtain specific federal 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 601 for the English message or 959 for the Spanish message. For information on the advance EIC, request topic 604 for the English message or 960 for the Spanish message. The IRS phone number for hearing impaired persons who have access to TDD equipment is 1-800-829-4059. 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.

Robert N. Seaman
Acting Deputy Commissioner
Division of Economic Security