



# Office of Temporary and Disability Assistance

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## Informational Letter

### Section 1

<b>Transmittal:</b>	23-INF-01
<b>To:</b>	Social Services District Commissioners
<b>Issuing Division/Office:</b>	Employment and Income Support Program
<b>Date:</b>	January 9, 2023
<b>Subject:</b>	Changes in the Earned Income Tax Credit (EITC) and Summary of Other Available Federal and State Tax Credits
<b>Suggested Distribution:</b>	Temporary Assistance Directors SNAP Directors Employment Coordinators Child Support Program Coordinators/Support Collection Unit Supervisor Staff Development Coordinators
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### Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
O6-ADM-12-T 22-INF-01	22-INF-01	352.20(g)	131-n	TASB 19(D)(11) SNAPSB 17(C)(24)	Pub 4786 Pub 4951 Pub 5090 GIS 11 TA/DC002

### Section 2

#### I. Purpose

The purpose of this Informational Letter (INF) is to inform social services districts (districts) of changes in the Earned Income Tax Credit (EITC) and to provide districts with a summary of other available federal and State tax credits for Tax Year 2022.

Districts are encouraged to inform clients and other low-income households of tax credits, the need to file federal and State income tax returns to claim these tax credits, and the availability of free filing services through Volunteer Income Tax Assistance (VITA) sites, Facilitated Self Assistance (FSA) sites, and free online filing resources. Details on how to obtain EITC and other tax credit outreach materials are found in Part III of this INF.

## II. Background

The EITC represents a significant tax benefit and valuable work support for low to moderate income households with earned income. As in previous years, New York State, New York City and federal EITCs are considered exempt both as income and as a resource for purposes of Temporary Assistance (TA), Supplemental Nutrition Assistance Program (SNAP) and Home Energy Assistance Program (HEAP) eligibility.

These tax credits are an important anti-poverty tool which can dramatically increase the economic resources available to eligible lower-income workers. Workers who qualify for EITCs and file both State and federal tax returns can receive tax credits totaling as much as \$9,016 (more when including the New York City EITC). In addition, households that qualified but failed to previously claim EITCs may file retroactively for up to three prior years.

The program implications of EITC and other tax credits on TA and SNAP are detailed in [GIS 11 TA/DC002](#).

It is estimated that each year up to 25 percent of those eligible for the EITC fail to claim their credit, either because they are unaware it is available to them or don't know how to obtain it. OTDA's goal is to reach as many eligible low-income taxpayers as possible. Target populations should include:

- Those receiving TA, SNAP or HEAP benefits who had paid employment during 2022, particularly newly employed individuals who have little or no previous work experience and may not be familiar with the EITC and other available tax credits;
- Working non-parent relative caregivers who are raising EITC-eligible children in their home;
- Eligible immigrant households that may mistakenly believe they are ineligible for EITCs.

EITCs can significantly increase available income for a low-income wage earner, potentially adding more than one-third to that person's earnings. Therefore, it is important for district staff to discuss the benefits of EITCs and encourage households to file for the EITCs. District staff should also encourage households to take advantage of available VITA sites for free tax preparation assistance or FSA sites to complete and file taxes on their own.

## III. Tax Credit Information

### EARNED INCOME TAX CREDIT

The maximum credits for TY2022 have changed and are as follows:

- Three or more qualifying children \$6,935 (Federal) + \$2,081 (State) = \$9,016
- Two qualifying children \$6,164 (Federal) + \$1,849 (State) = \$8,013
- One qualifying child \$3,733 (Federal) + \$1,120 (State) = \$4,853
- No qualifying children \$560 (Federal) + \$168 (State) = \$728

The qualifying earned and adjusted gross income limits for EITCs have increased and are as follows:

- Three or more qualifying children: \$53,057 (or \$59,187 if married filing jointly)
- Two qualifying children: \$49,399 (or \$55,529 if married filing jointly)
- One qualifying child: \$43,492 (or \$49,622 if married filing jointly)
- No qualifying children: \$16,480 (or \$22,610 if married filing jointly).

**Please note:** The tax filer's investment income cannot exceed \$10,300 for TY2022.

## **NEW YORK CITY EITC**

New York City full-year and part-year residents who claim the federal EITC may also be eligible for the New York City EITC. A New York State income tax Form IT-215 must be completed and attached to the State income tax return to claim the State and City credit. The City credit has increased from five percent to between ten and thirty percent of the federal EITC, based on the taxpayer's New York State adjusted gross income.

## **NONCUSTODIAL PARENT NEW YORK STATE EARNED INCOME CREDIT (NCP EIC)**

New York State has a tax credit specifically available as an economic support for low-income noncustodial parents who are at least 18 years old. This refundable credit can supplement the earnings of qualified NCPs. A State Form IT-209 Claim for Noncustodial Parent New York State Earned Income Credit must be filed with Form IT-201 to claim the NCP EIC. The NCP does not need to provide proof of eligibility. This will be done automatically by OTDA.

To qualify, an NCP must:

- Be a full-year New York resident taxpayer;
- Be 18 years of age or older;
- Be a noncustodial parent and have a child(ren) under 18 years old at the end of the filing year that does not reside with them;
- Have a child support order payable through a New York State Child Support Collection Unit (SCU) for at least one-half of the tax year; and,
- Have paid 100% of the current child support obligation due for any tax year in which the NCP EIC is claimed.

Further detail on the NCP EIC may be found in [06-ADM-12-T](#) or by visiting: [https://www.childsupport.ny.gov/dcse/non\\_custodial\\_parent\\_services.html](https://www.childsupport.ny.gov/dcse/non_custodial_parent_services.html).

## **EITC AND CHILD ONLY CASES**

Child only cases are a significant portion of a district's Temporary Assistance caseload. Of these, many are non-parent caregiver cases in which the payee is a grandparent or other relative, who is not receiving TA and who has earned income. It is important to note that the children in these cases may meet the definition of "qualified child(ren)" for EITC. OTDA strongly suggests that in cases where the payee has earned income, an effort be made by the district to make these payees aware of potential EITCs and refer them to the Internal Revenue Service (IRS) website or to a local VITA site where available.

## **FEDERAL CHILD TAX CREDIT, ADDITIONAL CHILD TAX CREDIT AND NEW YORK STATE EMPIRE STATE CHILD CREDIT**

The federal Child Tax Credit has changed for 2022. This non-refundable credit is up to \$2,000 for each qualifying dependent child who is under the age of 17 at the end of 2022 and is used to reduce the amount of tax liability. The minimum earned income amount used to calculate the Additional Child Tax Credit is \$2,500 for Tax Year 2022. This portion of the credit is refundable and is limited to \$1,500 per eligible child. The Child Tax Credit and Additional Child Tax Credit may be claimed by filing Form 8812: *Additional Child Tax Credit* with the taxpayer's federal return.

The Empire State Child Credit is a credit for children ages 4-16. Depending on the taxpayer's income, the credit is equal to \$100 to \$330 multiplied by the number of qualifying children. State Form IT-213 is used to claim the credit.

In addition to the EITCs, a working family can claim both the federal Child Tax Credit and the New York State Empire State Child Credit.

## **CHILD AND DEPENDENT CARE CREDIT**

The federal Child and Dependent Care Credit is a tax benefit that helps a qualifying working family pay for childcare or the care of a spouse or adult dependent that is incapable of caring for themselves. The expense limit may vary from year to year and is potentially refundable. This means that even if the credit exceeds the amount of federal income tax owed, the taxpayer can still claim the full amount of the credit, and the amount of credit in excess of the tax liability can be refunded. The credit may be claimed by completing and attaching Form 2441 to Form 1040.

The New York State Child and Dependent Care Credit is usually equal to or greater than the federal credit, depending upon the amount of New York State adjusted gross income and is based upon the maximum expense amounts which may vary from year to year and depends on the number of qualifying dependents. The Form IT-216 is used to claim the State credit. A New York City Child and Dependent Care Credit is also available for New York City residents and may be claimed by using Form IT-216.

## **EDUCATION CREDITS**

There are two federal education credits that may be claimed by eligible taxpayers completing federal Form 8863: Education Credits (American Opportunity and Lifetime Learning Credits).

**American Opportunity Credit:** This credit can be applied to the first four years of postsecondary education. The maximum credit that can be claimed each year per student is \$2,500. Forty percent (40%) of the credit is refundable, which means that a taxpayer may receive up to \$1,000 even if they have no tax liability.

**Lifetime Learning Credit:** This nonrefundable credit is available to students at any point in postsecondary education and for courses to acquire or improve job skills. The maximum credit is \$2,000 per tax return, regardless of the number of eligible students in the family.

**New York State College Tuition Credit or Itemized Deduction:** The New York State tax credit for qualified tuition expenses includes only tuition paid for the undergraduate enrollment or attendance of the student at an institution of higher education. The college tuition itemized deduction may offer a greater tax savings if the taxpayer itemized deductions on their state return. Taxpayers should use the worksheets in the instructions (IT-272-I) to compute their deduction and determine if the credit or deduction is better for them.

It is important to note that in addition to the 1098-T, taxpayers should use a student account statement to determine the expenses are correctly attributable to the 2022 tax year.

**IMPORTANT NOTE ON IRS PROCESSING TIMEFRAME:** The Internal Revenue Service will not begin to process 2022 tax returns with refundable credits, such as the Earned Income and/or Child Tax Credit, prior to **February 15, 2023**.

## **CLAIMING TAX CREDITS FOR PREVIOUS YEARS**

Taxpayers who were eligible for but did not claim federal tax credits for the previous three years (Tax Years 2019, 2020 and 2021) can claim them by completing Form 1040X: Amended U.S. Individual Income Tax Return. If a federal return was not filed, the taxpayer will need to file their taxes using the appropriate forms for that year. Some VITA sites may be able to complete the amendment for the taxpayer. The taxpayer should check with their local VITA site.

**Please note:** Taxpayers who obtain a Social Security number after the tax year are not able to claim EITC for prior years.

New York State credits likewise can be claimed for the previous three years by filing the Form IT-201X. Taxpayers must attach a copy of every attachment (including any New York State credit form) that was submitted with their original return to their amended return, even if it has not changed as a result of the amendment. For the EITC, taxpayers need to complete and submit the IT-215: Claim for Earned Income Credit for the appropriate year.

If a New York State tax return was not filed for the given year, it must be filed at the same time using IT-201: Resident Income Tax return.

## **FREE TAX PREPARATION, E-FILING AND TAXPAYER ASSISTANCE**

Individuals may obtain specific federal tax information on the IRS Website: <http://www.irs.gov> or by calling the IRS toll free at: (800) 829-1040. New York State taxpayer assistance information is available at: <http://www.tax.ny.gov> or by calling the New York State Department of Taxation and Finance at: (518) 457-5181. Many workers, especially those new to the workforce, are hesitant to complete tax filings on their own because they are intimidated by the array of forms or are unfamiliar with the process. Workers often seek help from commercial tax preparers and pay a fee for this service, which can significantly reduce the net amount of any refund. In addition, for extra fees and a significantly higher rate of interest, some paid preparers offer refund anticipation loans. Again, these fees reduce the net amount of the refund and should be discouraged in most circumstances in favor of waiting for full tax refunds due.

A preferable alternative is for individuals to have their **tax forms completed and e-filed for free** through their local VITA sites. The VITA program has operated for over 50 years. These sites offer free tax help for low- and moderate-income individuals and families, persons with disabilities, and limited English-speaking taxpayers. VITA sites will operate across New York State from the end of January through April 18, 2023.

Taxpayers should call 211 (if living upstate), or 411 (in NYC), or check the IRS website noted below for available sites in their area.

Information on local VITA sites can be obtained by calling the toll-free IRS number: (800) 906-9887 or by entering ZIP code information on the IRS website at: <http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-Qualifying-Taxpayers>. The list maintained by the IRS only includes currently active sites from February through April so taxpayers should check once the filing season has started to find the most updated listing. OTDA recommends that district staff know where VITA sites are located in their county and offer this information when encouraging families to apply for the EITC and other credits.

Taxpayers with annual income of less than \$73,000 can also file both their State and federal tax returns at a FSA site for free. More information will be made available at: <https://www.tax.ny.gov/tap/>.

Taxpayers with their own computer can visit and file through: <http://www.myfreetaxes.com>. This includes one federal and up to three state e-file returns. Customers with an income above the limit for free filing will be charged a nominal fee.

## **OUTREACH AND PROMOTIONAL MATERIALS**

<http://www.taxoutreach.org>. Flyers and envelope stuffers are available in English

and Spanish. Detailed information on tax credits and outreach strategies are available for download.

OTDA and the Department of Taxation and Finance have revised PUB-4786: “*Get All the Credit You Deserve with EITC.*” <http://otda.ny.gov/programs/publications/4786.pdf>. This publication provides an overview of the credit, eligibility criteria and income and benefit levels. PUB-4786A: “*Get All the Credit You Deserve with EITC,*” <http://otda.ny.gov/programs/publications/4786A.pdf> is the brochure’s corresponding poster. Details regarding how to order these publications are included in the Forms Information section below.

In addition, the OTDA brochure “*Noncustodial Parent – New York State Earned Income Credit,*” PUB-5090 (Rev. 10/21) is available at: <https://otda.ny.gov/programs/publications/5090.pdf>.

## MyBenefits

The OTDA website: <http://myBenefits.ny.gov> serves as a single internet portal for users outside New York City, to connect with benefits, services and work supports. Site visitors can learn about and be screened for an array of work supports including tax credits, the Supplemental Nutrition Assistance Program (SNAP), the Home Energy Assistance Program (HEAP), Women Infants and Children (WIC), health insurance, and school breakfast and lunch programs, or can apply online for SNAP benefits. Households outside of New York City may also apply online for TA and regular HEAP benefits. There are also direct links to “Resources for Working Families,” and to the IRS for a list of VITA sites by ZIP code. Since most taxpayers eligible for one work support are likely to be eligible for other supports, district staff are strongly encouraged to provide clients with this website or assist them with accessing the site to screen for eligibility for other work supports or to apply for TA, HEAP and SNAP benefits.

## FORMS INFORMATION

- The updated PUB-4786 and PUB-4786A: “*Get all the Credit You Deserve with EITC,*” will be posted on the OTDA Internet website at: <https://otda.ny.gov/programs/publications/>.
- All previous versions of the PUB-4786: “*Get all the Credit You Deserve with EITC*” (brochure) should be recycled and replaced with the revised 12/22 version once it becomes available.

Requests for printed copies of these publications should be submitted to OTDA by completing the OTDA-876 form available at the link above, and e-mailing the form to: [forms.orders@otda.ny.gov](mailto:forms.orders@otda.ny.gov), or by using the online ordering system at: <http://formorders/>. Questions concerning ordering forms should be directed to BMS Document Services at: (518) 474-9489.

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