

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

March 21, 1989



ALL COUNTY INFORMATION NOTICE NO. I-21-89

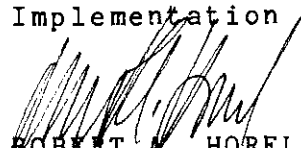
TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: NATIONAL INFORMATION CAMPAIGN ON THE FEDERAL EARNED
INCOME TAX CREDIT

The purpose of this letter is to transmit a reproducible copy of the Earned Income Tax Credit (EITC) Factsheet. The EITC factsheet was prepared in conjunction with a national information campaign on the EITC coordinated by the Center on Budget and Policy Priorities (CBPP). CBPP is a non-profit Washington research group that focuses on programs and policies affecting low income and moderate income Americans. The campaign's intent is to educate low income families about the EITC eligibility requirements, and the process for getting a refund from IRS.

Counties are encouraged to reproduce and disseminate the EITC factsheet to clients requesting information regarding the EITC. However, the EITC factsheet is not a required form, and will not be stocked by the State Department of Social Services (SDSS). Translated versions of the EITC Factsheet will be forthcoming under separate cover.

If you have any questions regarding this letter, please contact Sandra Poole-Taylor of the AFDC and Food Stamp Policy Implementation Bureau at (916) 324-2661 or ATSS 454-2661.


ROBERT A. HOREL
Deputy Director

Attachment

cc: CWDA

EARNED INCOME TAX CREDIT FACTSHEET

Eligibility Requirements for the Earned Income Tax Credit

The Earned Income Tax Credit (EITC) is a tax credit for working families with an earned and adjusted gross income of \$18,576 or less and who have at least one child living at home.

Low-income families can receive a check from the Internal Revenue Service even if they owe no federal tax or have no income tax withheld.

Since the Tax Reform Act of 1986 raised the personal exemption and standard deduction, millions of low income working families no longer owe any income tax -- and therefore don't file a federal income tax return.

But in order to receive an Earned Income Credit, eligible families must file a federal income tax return.

Eligible families do not even need to claim the EITC on their 1040 or 1040A tax forms. As long as they file this return, the IRS will calculate their credit for them and send a check.

Those that do not owe any taxes can file their return at any time -- they will not be penalized if they miss the April 15th deadline.

If a family does owe an income tax and is also entitled to an EITC, the amount of taxes it owes will be reduced. If the EITC is greater than the amount of tax owed, the IRS will issue a check for the remaining amount.

For families with an income between \$5,000 and \$11,000 a year, their EITC is worth at least \$700. The maximum EITC benefit is \$874.00.

If they choose, eligible families may even receive the EITC during the year--in their paychecks--rather than collecting a lump sum check. They may also file for retroactive refunds for the past three years.

Today, more than 11 million low-income families are eligible for the EITC.

The EITC campaign is being coordinated by the Center on Budget and Policy Priorities, a non-profit Washington research group that focuses on programs and policies affecting low income and moderate income Americans. Materials on the campaign, including posters, flyers, and public service announcements, are available in both English and Spanish from the Center at 236 Massachusetts Avenue, N.E., Suite 305, Washington, D.C. 20002, (202) 544-0591.