

## DEPARTMENT OF BENEFIT PAYMENTS

744 P Street, Sacramento 95814



April 5, 1976

ALL-COUNTY LETTER NO. 76-58

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: Earned Income Tax Credit - Adult Programs

REFERENCE: All-County Letters 76-18 and 76-39

This letter explains the treatment of the earned income tax credit in the California Adult Programs as prescribed by current federal law.

The earned income tax credit, if received prior to July 1, 1976, shall not be taken into account as income or resources for recipients of aid under the Cuban Refugee, Indochinese Refugee, Repatriated Americans, or EVH Programs. Further, any amount of the credit that is retained by the recipient in the months after receipt, is exempt as a resource until July 1, 1976. This disregard applies only to individuals or families who were recipients of assistance for the month before the month in which the refund (credit) is received.

Since APSB is a state only program, the disregard authorized by federal law does not apply. Further, there is no provision in state law or regulations that specifically excludes the tax credit as income or property in APSB. Therefore, in APSE the tax credit must be considered as income in the month received except where it is excluded as a part of the general exemption of income for a plan of self-support under EAS Manual Section 44-111.12. Any portion of the tax credit retained after the month of receipt must be treated as personal property subject to the reserve limitations in EAS Manual Sections 42-207.3 and 42-207.4.

Any questions on treatment of the earned income tax credit for adult programs should be directed to the Adult Program Management Branch at (916) 445-0813.

Sincerely,

*Kyle S. McKinsey*  
KYLE S. MCKINSEY  
Deputy Director

cc: CWDA

**OBSOLETE**Superseded by ACL #77-15Issued 3-17-77