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Information Memorandum

To: Community-Based Child Abuse Prevention (CBCAP) grantees

Subject: Poverty Reduction - Earned Income Tax Credit

Purpose: To provide CBCAP lead agencies information about the Earned Income Tax Credit to share with their funded programs and the families they serve

Information:

The purpose of this information memorandum is to provide you with general information about the Earned Income Tax Credit to share with your funded programs. Since many individuals and families served through CBCAP could potentially benefit from this tax credit, and as the tax season draws near, we ask for your help in passing this information along to your CBCAP networks.

The Earned Income Tax Credit (EITC) is a refundable Federal tax credit for eligible individuals and families who have worked and earned income for all or part of a calendar year. EITC is currently available to those individuals and families whose income does not exceed \$29,666 for a taxpayer with one qualifying child (\$30,666 for married couples filing jointly) or \$33,692 for a taxpayer with more than one qualifying child (\$34,692 for married couples filing jointly). The value of the credit varies, depending on family income, but can be as high as \$4,204 annually for a family with two children. There are currently more than four million eligible families who have not applied for Federal EITC, and nearly three billion dollars in unclaimed credits. Taxpayers can file amended returns to claim any credit due for up to three previous tax years.

The EITC generally does not affect eligibility for Medicaid, Supplemental Security Income, food stamps, or low-income housing. In addition, grandparents who work and are raising children may qualify for EITC. Finally, taxpayers can file amended returns to claim any credit due to them for up to three previous years.

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CBCAP Grantees are encouraged to learn more about EITC and to inform CBCAP families served through programs about its availability. There are many resources available to assist in promoting tax understanding and awareness. The IRS has a new website for governments and organizations to review information on the EITC and ways to assist those persons who are eligible to receive the tax credit. Please visit: <http://www.irs-eitc.info>

EITC could be of considerable assistance to many families served through CBCAP. We encourage you to provide the programs you fund with the information they need to help inform families about their potential eligibility for this important benefit.

Susan Orr, Ph.D.
Associate Commissioner