

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



March 15, 2001

LCSA LETTER: 01-04

TO: ALL IV-D DIRECTORS

SUBJECT: EARNED INCOME TAX CREDIT FOR TAX YEAR 2000 RETURNS

This is to inform counties of a recent revision in the Internal Revenue Service's (IRS) handling of Earned Income Tax Credit (EITC) on year 2000 tax returns.

As of February 15, 2001, the IRS will begin factoring child support data into their system to help determine audit actions on tax returns. This will include returns where EITC is claimed. A small percentage of the taxpayers that fall into the EITC/data match category will receive a notice from the IRS indicating a hold has been placed on their refund regarding their EITC claim. While the IRS is required to disclose to a taxpayer the source of the information used to determine the audit, it cannot disclose any specific child support data to the taxpayer. This EITC/data match change will affect IV-D and Non-IV-D taxpayers.

In January, the IRS sent a notice to 286,000 taxpayers advising them of this change. The taxpayers were told to call the IRS at 1-800-829-1040. Local Child Support Agencies and the State Department of Child Support Services should refer any taxpayer inquiring about this EITC change directly to the above 800 telephone number.

If you have any questions, please contact Tanya Morales at (916) 464-5261.

Sincerely,

JOAN OBERT
Assistant Deputy Director
Technology Services Division