

Federal Earned Income Tax Credit (EITC) Notification

Effective January 1, 2008, all employers are required to notify all of their employees of the federal Earned Income Tax Credit (EITC).

Assembly Bill 650, Stats. 2007, Ch. 606, (Lieu and Jones) requires any employer, who is subject to and is required to provide unemployment insurance to employees, to notify all employees that they may be eligible for the EITC. Employers shall give notification to employees within one week before or after the *Wage and Tax Statement* (Form W-2) or *Miscellaneous Income* (Form 1099) is given. This new law also requires the employer to process the IRS Form W-5 for advance payments of the EITC, if requested by the employee.

NOTICE TO EMPLOYEES

Based on your annual earnings, you may be eligible to receive the earned income tax credit from the federal government. The earned income tax credit is a refundable federal income tax credit for low-income working individuals and families. The earned income tax credit has no effect on certain welfare benefits. In most cases, earned income tax credit payments will not be used to determine eligibility for Medicaid, supplemental security income, food stamps, low-income housing or most temporary assistance for needy families payments. Even if you do not owe federal taxes, you must file a tax return to receive the earned income tax credit. Be sure to fill out the earned income tax credit form in the federal income tax return booklet. For information regarding your eligibility to receive the earned income tax credit, including information on how to obtain the IRS Notice 797 or Form W-5, or any other necessary forms and instructions, contact the Internal Revenue Service at 1-800-829-3676 or through its Web site at www.irs.gov.

For additional information, the following IRS links are provided for your convenience:

- Employers (<http://www.irs.gov/individuals/article/0,,id=129062,00.html>).
- Employees (<http://www.irs.gov/individuals/article/0,,id=150557,00.html>).
- Tax Professionals (<http://www.irs.gov/individuals/article/0,,id=150528,00.html>)
- IRS Notice 797 (<http://www.irs.gov/pub/irs-pdf/n797.pdf>)
- IRS Notice 1015 (<http://www.irs.gov/pub/irs-pdf/n1015.pdf>)
- Form W-5 (www.irs.gov/pub/irs-pdf/fw5.pdf)
- Internal Revenue Service (www.irs.gov)