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DEPARTMENT OF FINANCE

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DEPARTMENT OF FINANCE PUTTING \$15 MILLION IN EARNED INCOME TAX CREDITS INTO THE POCKETS OF 15,000 HARD-WORKING NEW YORKERS

New York City Initiative Could Become National Model

Deputy Mayor for Health and Human Services Linda I. Gibbs, New York City Department of Finance (DOF) Commissioner Martha E. Stark and IRS Director of the Earned Income Tax Credit (EITC) Office Debra Holland today announced that the Finance Department will continue its groundbreaking effort to ensure New Yorkers receive the earned income tax credits they are entitled to *from* the government.

After getting the assistance from the IRS to identify qualified households, the Department of Finance will mail amended returns to approximately 15,000 New Yorkers who are believed to be eligible for up to \$15 million in Federal, State and City Earned Income Tax Credits for 2005.

“Supporting hard-working New Yorkers is one of the top priorities of this Administration and of the City’s poverty agenda,” said Deputy Mayor Gibbs. “This tax season, we have also implemented a new city child care tax credit designed to assist low-income families with the cost of child care. Combined with the Earned Income Tax Credit, the results can be significant. With collaborative efforts across agencies, we hope all eligible families will reap the benefits of the tax credits and receive the money they deserve.”

“One of the biggest tools this city has to combat poverty is the Earned Income Tax Credit, and I’m pleased that together with the IRS, we will help thousands of New Yorkers receive credits that they have worked hard to earn,” said Commissioner Stark. “This continues a groundbreaking effort that I hope will

become a model for other jurisdictions, because we have an obligation to tell people when they've paid too much tax as well as when they've paid too little."

Debra Holland, Director of IRS' Earned Income Tax Credit Office, believes some taxpayers may be more willing to open and respond to a letter from a city government than a letter from a federal agency, particularly the IRS.

"We thank the New York City Finance Department for undertaking this initiative," said Holland. "We estimate that 20 to 25 percent of qualifying taxpayers fail to claim this important credit. While IRS efforts to identify and notify potential EITC-eligible taxpayers have been successful, we want all EITC-eligible taxpayers to get every dollar they deserve. The IRS plans to study the effectiveness of the New York City initiative and refine the model for use by other city and state governments to promote awareness to potential EITC-eligible taxpayers."

The EITC helps millions of Americans each year by letting them keep more of their earnings. In the 2005 tax year 825,000 New Yorkers filed for the credit, saving them \$1.6 billion. In order to reach the 15,487 remaining New York households that did not file for the credit that year, the Department of Finance is sending taxpayers amended returns that are filled out using data they submitted to the Federal government. DOF has also included the amount of the credit and supplied stamped envelopes addressed to Federal and State tax filing facilities.

"We want to make this as easy as it can be for taxpayers," said Commissioner Stark, "Just fill in your social security number, sign it, and drop it in the mail. Your check should arrive shortly."

The initiative will cost the City, which has had its own EITC since 2004, just \$516,000. The State and the Federal government will pay for the bulk of this benefit at a cost of \$2.8 million and \$12.0 million respectively, including more than \$13 million for taxpayers with dependents.

The Department of Finance has created a web-based search that will allow people to see if they will receive an amended return.

New Yorkers who need assistance or believe they may be eligible for EITC should call 311 for help. Callers who believe they are eligible but are not among those who were sent amended returns will be referred to Volunteer Income Tax Assistance sites, which provide free tax prep assistance throughout the five boroughs. Callers who do not receive amended returns but should have, or who have lost their amended returns, will be referred to Finance Customer Assistance, and will be mailed duplicate amended returns.

Tax Year 2005	Maximum Combined Credit	Maximum Federal Credit	Maximum State Credit	Maximum City Credit	Maximum Income
Families with more than one qualifying child	\$5,940	\$4,400	\$1,320	\$220	\$35,263 (\$37,263 Married Filing Jointly)
Families with one qualifying child	\$3,594	\$2,662	\$799	\$133	\$31,030 (\$33,030 Married Filing Jointly)
Individuals	\$539	\$399	\$120	\$20	\$11,750 (\$13,750 Married Filing Jointly)

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