

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



January 27, 2016

LCSA LETTER: 16-01

ALL IV-D DIRECTORS

SUBJECT: EARNED INCOME TAX CREDIT

Reason for this Transmittal

- State Law, Regulation and/or Change
 Federal Law, Regulation and/or Change
 Court Order or Settlement Change
 Clarification requested by One or More Counties
 Initiated by DCSS

The purpose of this letter is to improve customer awareness and increase the number of eligible Earned Income Tax Credit (EITC) claimants for the 2016 tax season by informing local child support agencies (LCSAs) about the new California EITC, the federal EITC, and the corresponding outreach campaign. The California Department of Child Support Services (DCSS) encourages LCSAs to share this information with child support customers in person, over the telephone, on their Web site, and, if applicable, via newsletter.

The EITC is a tax credit for low and moderate income working individuals and families. For those who claim and qualify for the EITC, it reduces the amount of taxes owed. When the EITC exceeds the amount of taxes owed, it results in a tax refund.

On June 24, 2015, Senate Bill 80 (Chapter 21, Statutes of 2015) was signed into law, creating the California EITC. This EITC is structured to complement the federal EITC and will be available with tax returns filed for wages earned in 2015. DCSS is submitting a request to implement the necessary system changes to include this new tax feature in the child support guideline calculator.

To qualify for the California EITC, individuals and families must:

- File a state tax return, even if they do not owe any tax or are not required to file.
- Have earned income reported on a W-2 form, which must be subject to California withholding. Unlike the federal EITC, earned income for the California EITC cannot include self-employment income.
- Use the single, married/registered domestic partner filing jointly, or head of household filing status.
- Meet the qualifying child rules. For more details, visit <https://www.ftb.ca.gov/individuals/faq/net/900.shtml>.
- Reside in California for more than half the tax year.

- Not exceed the tax year 2015 adjusted gross income and earned income limits of:
 - \$6,580 with no qualifying children.
 - \$9,880 with one qualifying child.
 - \$13,870 with two or more qualifying children.

The tax year 2015 maximum California EITC amounts are:

- \$214 with no qualifying children.
- \$1,428 with one qualifying child.
- \$2,358 with two qualifying children.
- \$2,653 with three or more qualifying children.

To qualify for the federal EITC, individuals and families must meet Internal Revenue Service (IRS) eligibility requirements and file a federal tax return, even if they do not owe any tax or are not required to file. For tax year 2015, the federal EITC is available to individuals and families whose earned income and adjusted gross income does not exceed:

Filing Status	Number of Qualifying Children			
	Zero	One	Two	Three or more
Single, Head of Household, or Widowed	\$14,820	\$39,131	\$44,454	\$47,747
Married Filing Jointly	\$20,330	\$44,651	\$49,974	\$53,267

The tax year 2015 maximum federal EITC amounts are:

- \$503 with no qualifying children.
- \$3,359 with one qualifying child.
- \$5,548 with two qualifying children.
- \$6,242 with three or more qualifying children.

To learn more about California's EITC, visit the State of California Franchise Tax Board's Web site at: <https://www.ftb.ca.gov/individuals/faq/net/900.shtml>. For more information about the federal EITC, including detailed eligibility requirements, visit the IRS's Web site at: <http://www.irs.gov/Credits-&-Deductions/Individuals/Earned-Income-Tax-Credit>.

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Attached for your convenience is a flyer to post in your office and make available to child support customers. For additional California EITC outreach materials, visit <http://caleitc4me.org/>. For federal EITC outreach materials, visit <https://www.irs.gov/pub/irs-pdf/p5075.pdf>.

As additional outreach information becomes available, our Office of Communications and Public Affairs will notify your public information officers and outreach coordinators.

If you have any questions regarding this matter, please contact the Policy and Program Branch at (916) 464-5883.

Sincerely,

o/s

VICKIE K. CONTRERAS
Deputy Director
Child Support Services Division

cc: Outreach Coordinators

Attachment



Cal EITC

Are you eligible for an Earned Income Tax Credit?

You may be eligible for both federal and Cal EITC!

Federal eitc earned income tax credit

- Maximum income of \$14,820 (no children)
- Maximum income of \$53,267 (3 or more children)
- U.S. Citizen or Resident Alien
- Social Security Number
- W-2 wages or self-reported
- Ages 25 to 65 (no children)

State EITC

- Maximum income of \$6,580 (no children)
- Maximum income of \$13,870 (2 or more children)
- U.S. Citizen or (permanent) Resident Alien
- Social Security Number
- W-2 wages
- Ages 25 to 65 (no children)