

## DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



June 6, 1983

ALL-COUNTY LETTER NO. 83-49

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: DETERMINATION OF APPARENT ELIGIBILITY FOR EARNED INCOME CREDIT (EIC)  
IN AFDC, RCA AND ECAREFERENCE:  
EAS 44-101.322

The Internal Revenue Service (IRS) has informed us that many AFDC recipients who apply for and receive EIC payments are not eligible for those payments. The majority of erroneous EIC requests are filed by single persons. This letter is to clarify the method for determining the apparent eligibility of single persons for EIC payments.

Prior to assuming EIC, you must determine whether the recipient is apparently eligible for such payment(s). It must be anticipated that all of the criteria listed in EAS 44-101.322 will be met for the tax year in order for the recipient to be apparently eligible for EIC.

Additionally, you must determine the amount of any advance payments which have been received by the recipient/applicant in the current tax year. The maximum EIC that an individual may receive for a year is \$500. If the recipient/applicant has already received his/her maximum EIC, no EIC will be assumed because he/she is not eligible for further payments.

If the recipient is determined eligible and is not now receiving advance EIC, you are to begin assuming EIC. The amount assumed will be calculated on a monthly basis (IRS Publication 15, Circular E and Supplemental Reprint). On an ongoing basis, the county may not continue assuming EIC once the previously received advance EIC payments and assumed EIC reaches the \$500 level.

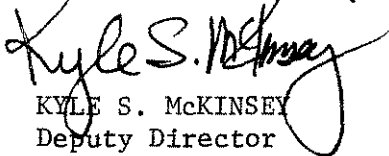
There also seems to be confusion as to the proper application of 44-101.322(d), which lists one of the conditions for eligibility for EIC:

- "(d) If the individual is unmarried or living apart from his/her spouse, that he/she is expected to pay at least half the cost of keeping up his/her household. AFDC payments which are used to pay part of the cost of keeping the household are not counted as amounts furnished by the individual."

In order to apply this regulation you should compare the recipient's expected "adjusted gross income" to a reasonable estimate of expected AFDC grants for the tax year. If it is anticipated that the recipient will receive more in AFDC than he/she earns, the recipient is not apparently eligible for EIC. In that instance, no EIC will be assumed until such time as the recipient becomes apparently eligible for it.

In order to minimize the number of cases which require year-end EIC reconciliation, you may wish to inform any recipient who is not eligible for EIC and who has already filed for or is receiving advance EIC payments that he/she may withdraw the application for EIC or otherwise request the discontinuance of such payment(s). Information regarding the withdrawal process can be obtained from the reverse side of the W-5. You must continue to count as earned income advance EIC payments until the recipient stops receiving them.

If there are any questions, please contact your Program Management Consultant for AFDC at (916) 445-4458 and for RCA/ECA at (916) 322-3141 or (415) 557-8588.

  
KYLE S. MCKINSEY  
Deputy Director

cc: CWDA