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**Florida's Workforce Partners Encourage
Use of Tax Credit for Working Families**

~ Tax refund of up to \$4,300 benefits Florida citizens, their families
and local economies ~

TALLAHASSEE – Florida's Agency for Workforce Innovation and Workforce Florida, Inc. today urged Florida workers to take advantage of the Earned Income Tax Credit (EITC), a refundable federal income tax credit for low to moderate income working individuals and families. The tax credit is a valuable source of support for people who work, but don't earn high incomes. Taxpayers who qualify and claim the credit can pay less federal tax, pay no tax or even get a tax refund of up to \$4,300.

"The Earned Income Tax Credit is a tremendous asset to qualified Florida workers and we urge them to take advantage of it," said Susan Pareigis, Director of the Agency for Workforce Innovation. "There are far-reaching benefits not only for the worker's family, but for their community as well, because these refunds are used for family essentials and the money is spent locally."

In tax year 2003, a total of 1.5 million Florida taxpayers filed for EITC refunds in the total amount of \$2.7 billion. In a recent study of the economic impacts of the EITC refund, the Brookings Institute found that the spatial distribution of EITC filers in Florida was fairly evenly dispersed with 21.6% from large cities, 17.4% from large suburbs, 16% from small metros, and 22.1% from rural areas. This distribution shows that supporters of large metros and rural areas have a common interest in promoting the EITC as a critical economic tool for their low to moderate income working families.

"This is a program that literally makes work pay," said Curtis Austin, President of Workforce Florida. "The Earned Income Tax Credit provides a substantial incentive for low to moderate income families to participate in the workforce. At the same time it imparts to these families the dignity of work and self-sufficiency."

Congress originally approved the tax credit legislation in 1975. The maximum benefit at that time was \$400 per year and has grown to \$4,300 for tax year 2004. Income and family size determine the amount of the EITC. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. To qualify, taxpayers must meet certain requirements and file a tax return. For more information on claim requirements for the EITC, visit www.irs.gov/eitc or call 1-800-TAX-1040.

The Agency for Workforce Innovation is the state's lead workforce agency and directly administers the state's Labor Market Statistics program, Unemployment Compensation, Early Learning and various workforce development programs. The agency served as the administrative and fiscal entity for Florida's school readiness system since 2000.

Workforce development policy and guidance in Florida is provided by Workforce Florida, Inc. Workforce Florida and the Agency for Workforce Innovation are partners in the Employ Florida network which includes 24 Regional Workforce Boards who deliver services through nearly 100 One-Stop Career Centers around the state.

2004 Earned Income Tax Credit Requirements

To claim the EITC, taxpayers must meet the following rules

- Must have earned income
- Must have a valid Social Security number
- Investment income is limited to \$2,650
- Filing status can't be "married filing separately"
- Generally must be a U.S. citizen or resident alien all year
- Cannot be a qualifying child of another person
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income)

You need to have worked and have earned income less than

- \$11,490 (\$12,490 if married filing jointly) if there is no qualifying child
- \$30,338 (\$31,338 if married filing jointly) if there is one qualifying child
- \$34,458 (\$35,458 if married filing jointly) if there is more than one qualifying child

Qualifying child criteria

The child must meet the relationship, age and residency tests.

Common errors to avoid

- Taxpayers claim a child who is not a qualifying child
- Married taxpayers who should file as married filing separately instead file as single or head of household
- Income-reporting errors
- Taxpayers or qualifying children with incorrect Social Security numbers

For more information on the EITC, visit www.irs.gov/eitc or call 1-800-TAX-1040.

SOURCE: Internal Revenue Service

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