State of New Jersey
DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
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Acting Commissioner

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Director
Telephone 1-800-356-1561

MEDICAID COMMUNICATION NO. 01-05 DATE: March 9, 2001

TO: County Welfare Agency Directors

SUBJECT: 2001 Earned Income Credit Campaign

As your agencies are aware, the 2001 Earned Income Tax Credit (EITC) Campaign is in progress. As in past years, the Department of Human Services is coordinating its outreach activities with the Association for Children of New Jersey, Public Service Electric & Gas Company, and the Internal Revenue Service (IRS). We appreciate your participation in this effort and again seek your assistance with this year's Campaign.

The Division of Family Development will be providing EITC brochures for use by your agencies. In addition, attached is a limited supply of the EITC bilingual flyer that we are requesting be made available to individuals utilizing your hospital outstationing sites. We would also appreciate your including a flyer when mailing out applications for the NJ FamilyCare program. The flyer provides basic information about the benefit and provides the telephone numbers and website addresses to contact for further information. Once your initial supply is exhausted, we ask that you duplicate them as needed for further distribution.

The Earned Income Tax Credit is a special tax benefit for certain low-income persons who work full or part-time, reducing tax liability which may or may not result in a payment to the taxpayer. This year, in addition to the Federal Earned Income Tax Credit, a New Jersey Earned Income Tax Credit is available to certain low-income working parents. For purposes of Medicaid and NJ FamilyCare eligibility, EITC payments are considered to be exempt from income.

The Federal EITC can provide up to $2,353 in cash or a tax credit to working parents who have earned up to $27,413 during 2000, and who have had one child reside with them for at least 6 months of the year. Families with two or more children who earned less than $31,152 in 2000 may qualify for a credit of up to $3,888. Certain foster parents may qualify if a child lived in the home for a full calendar year. In addition, a credit of up to $353 is available to low-income workers between the ages of 25 and 65, without children, who earned less than $10,380 in 2000.

In order to obtain the Federal Earned Income Tax Credit, IRS tax form 1040 or 1040A must be filed along with a Schedule EIC. Individuals who are not raising children need only to file a tax return. In addition, Volunteer Income Tax Assistance (VITA) centers will be operating throughout the state to provide free assistance in completing the necessary tax forms. More information about the VITA sites is available by contacting the IRS toll-free number at 1-800-829-1040.

The New Jersey EITC provides up to $235 for one child or $389 for two or more children to working parents with incomes below $20,000 and who file for the federal income tax credit. Eligible individuals must file a New Jersey resident income tax return and complete the NJEITC schedule. More information about the New Jersey Earned Income Tax Credit is available by contacting the Division of Taxation toll free at 1-888-895-9179.

If you have any questions about this communication or the EITC benefit program, please contact DMAHS field staff assigned to your county, at (609) 588-2556.

Sincerely,

Margaret A. Murray
Director

MAM:S
Attachments
c: Christine Grant, Commissioner
William Conroy, Deputy Commissioner
Department of Health and Senior Services

David C. Heins, Director
Division of Family Development

Charles Venti, Director
Division of Youth and Family Services

Boost Your Paycheck!

Claim Your *Federal* and *State* Earned Income Tax Credit

The Federal Earned Income Tax Credit (EITC) can help you if you worked full or part-time in 2000 and:

- **Were raising one child in your home and your family earned less than $27,413, can receive up to $2,353**
- **Were raising two or more children in your home and your family earned less than $31,152, can receive up to $3,888**
- **You are 25-65 years of age without children who earned less than $10,380, can receive up to $353**

For more information call 1-800-829-1040
or visit www.irs.gov

The New Jersey Earned Income Tax Credit (NJ EITC) can help you if you worked full or part-time in 2000 and:

- **Were raising one child in your home and your family earned less than $20,000, can receive up to $235**
- **Were raising two or more children in your home and your family earned less than $20,000, can receive up to $389**

For more information call 1-609-292-6400
or visit www.state.nj.us/treasury/taxation/njeitc.pdf