



A.B. 650 – Notice of Earned Income Credit Rights

- Employers must notify their employees that they may be eligible for the federal Earned Income Tax Credit. The notice must be hand delivered or mailed to employees within one week before or after, or at the same time, W-2 or 1099 forms are delivered. Note that employers cannot satisfy the new notice requirement simply by posting the notice on an employee bulletin board or delivering it through interoffice mail.
- This notice must contain instructions on how to obtain any notices made available from the Internal Revenue Service for the purpose of obtaining the necessary forms to file for the EITC.
- Every employer must process the Form W-5, at the request of the employee and in accordance with Federal law, for the advance payment of the Earned Income Tax Credit.

- The notice must contain the following language:

Based on your annual earnings, you may be eligible to receive the earned-income tax credit from the federal government. The Earned Income Tax Credit is a refundable, federal income tax credit for low-income working individuals and families. The Earned Income Tax Credit has no effect on certain welfare benefits. In most cases, Earned Income Tax Credit payments will not be used to determine eligibility for Medicaid, supplemental security income, food stamps, low-income housing or most temporary assistance for needy families' payments. Even if you do not owe federal taxes, you must file a tax return to receive the Earned Income Tax Credit. Be sure to fill out the earned income tax credit form in the federal income tax return booklet. For information regarding your eligibility to receive the earned income tax credit, including information on how to obtain the Internal Revenue Service notice 797 or form W-5, or any other necessary forms and instructions, contact the Internal Revenue Service by calling (800) 829-3676 or through its Web site at <http://www.irs.gov/>.

For further assistance on compliance with this or other issues, contact Lynn Ryder at Employer's Legal Advisor, Inc.

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