Update 2016-31: Common Place
2016 Earned Income Tax Credit (EITC)

**EITC**

The Earned Income Tax Credit (EITC) is a special tax benefit for working people who earn low or moderate incomes. EITC was developed for the following reasons:

- To reduce the tax burden for low income working people,
- To supplement wages, and
- To make work more attractive than public assistance.

**Policy**

The EITC payments are not counted as income for those qualified families and individuals who are receiving or who are eligible for CalWORKs, CalFresh and/or Medi-Cal benefits.

The EITC payments are also exempt from the CalWORKs and CalFresh resource rules for 12 months, starting with the month of receipt.

**Change**

The U.S. Department of Treasury and the IRS updated the tax status for same-sex couples. Under the Revenue Ruling 2013-17, lawfully married same-sex couples will be treated as married for all federal tax provisions, including filing status, claiming personal and dependency exemptions, taking the standard deduction, employee benefits, contributing to an Individual Retirement Account (UIRA), and claiming the EITC and child tax credit (CTC).

**Outreach**

The Franchise Tax Board (FTB) and Internal Revenue Service (IRS) continue to expand their outreach efforts with the primary goals of promoting EITC awareness and increasing the number of EITC claims.
to benefit low-income working families and individuals in California. The FTB reported that as of October 1, 2016, approximately $197 million was issued to California's lowest wage earners.

**Implementation**
This Update is informational only. The information contained in this Update should be shared with clients.

**Forms**
The Earned Income Tax Credit (EITC) outreach publications, PUB 428 and PUB 429 have been revised for tax year 2016 and are available online in English. As the Spanish and Vietnamese translations are made available, they will be posted online.

**Other Programs**
The information in this Update applies to the CalWORKs, CalFresh and Medi-Cal programs.

**Clerical**
CalWORKs and CalFresh Intake and RRR Informational Packets must be updated to include the 2016 EITC PUB 429.

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