

DSS ADMINISTRATIVE LETTER NO. ECONOMIC AND FAMILY SERVICES 2-2011

(Work First)

DSS ADMINISTRATIVE LETTER NO. ECONOMIC AND FAMILY SERVICES 3-2011 Tax Refund Disregards and EITC (February 18, 2011)

**(Food and Nutrition Services)
(Program Integrity)**

TO: County Directors of Social Services

ATTENTION: Work First Family Assistance Managers and Supervisors
Food and Nutrition Services Managers and Supervisors
Program Integrity Managers and Supervisors

DATE: February 18, 2011

SUBJECT: Tax Refund Disregards and EITC

EFFECTIVE: Upon Receipt

I. GENERAL INFORMATION

On December 17, 2010 the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 11-312) was signed into law. The law includes a provision that disregards tax refunds received after December 31, 2009, as income and as resources (for a period of 12 months). The provision applies to all federal programs or any state or local program financed in whole or in part by federal dollars. This includes all major means-tested programs that consider income and resources when determining eligibility, such as (but not limited to) the Work First Program and Food and Nutrition Services.

The tax filing season is underway for Tax Year 2010. It is important to share with families the advantages of the Earned Income Tax Credit (EITC). The EITC has several purposes: to reduce the tax burden on low-income families, to supplement wages, and benefit communities by having those dollars reinvested in local businesses, family savings accounts and other economic growth opportunities. Please see the links to the Internal Revenue Services website <http://www.irs-eitc.info> and the EITC Carolinas website <http://www.eitc-carolinas.org/> for additional information and resources. Please share this information with the families served by your agency.

II. POLICY PROCEDURES

Under the new law, the total amount of a federal tax refund received after December 31, 2009, is disregarded as income and resources in the month received. This resource exclusion lasts for a period of 12 months. To comply with the requirement, the caseworker must ensure that requested income information does not include a previously received federal tax refund. The caseworker must allow the applicant/recipient the opportunity to provide information about a tax refund if the refund may affect eligibility for benefits.

As part of the application or eligibility review process the caseworker must ask if anyone applying for or receiving assistance received a tax refund in the last 12 months. This is particularly important when individuals are reporting on their resources and simply may be asked for the amount of money in a bank account. Document the applicant/recipient's response in the case file along with any supporting documentation.

The application cannot be denied based on exceeding the resource limit unless the applicant/recipient has been asked if anyone applying for assistance received a tax refund and those funds have been properly disregarded.

In addition, because the law applies to federal tax refunds received after December 31, 2009, individuals applying for benefits or updating their eligibility in 2011 may have received a tax refund in 2010 that now must be disregarded.

III. IMPLEMENTATION INSTRUCTIONS

The provision is not retroactive but applies as of the date of enactment, December 17, 2010, and, therefore, counties must move quickly to implement this provision. Apply these new procedures to applications, recertifications, reviews or requests from recipients upon the receipt of this letter.

It is recommended that agencies develop outreach strategies to encourage households that were denied because they were over the resource limit to reapply for benefits.

If there are questions, contact your Work First Program Consultant or Food and Nutrition Services and Energy Programs Regional Support Team directly via email. If the FNS Regional Support Team is unavailable, the Economic and Family Services Help Desk can be contacted at 919-334-1100 or by email at DSS.EFSHD@dhhs.nc.gov.

Sincerely,

A handwritten signature in black ink that reads "Dean Simpson". The signature is fluid and cursive, with the first name "Dean" and last name "Simpson" clearly distinguishable.

Dean Simpson, Chief
Economic and Family Services

DS/sdm