



# Labor Relations Notice: EITC Notice

As of January 1, 2017, California Employers Issuing W-2 or 1099 Must Issue a New Earned Income Tax Credit (EITC) Notice

*January 9, 2017*

A new California law (SB 1847) requires employers to provide written notice to employees of their potential eligibility for both the federal and California Earned Income Tax Credits (EITCs).

## Requirements

The new legislation requires an employer to notify all employees within one week before or after, or at the same time, that the employer provides an annual wage summary (e.g., a Form W-2 or Form 1099) to any employee.

The employer must provide the notification by handing directly to the employee or mailing to the employee's last known address either of the following:

1. Instructions on how to obtain any notices available from the Internal Revenue Service and the Franchise Tax Board for this purpose (e.g., IRS Notice 797 and information on the California EITC at the Web site [ftb.ca.gov](http://ftb.ca.gov)); or
2. Any notice created by the employer as long as it contains substantially the same language in the notice required under the new law.

An employer does not satisfy the notification requirement by posting a notice on an employee bulletin board or sending it through office mail.



### Notice Language

The notice furnished to employees regarding the availability of the federal and the California EITC must state as follows:

"BASED ON YOUR ANNUAL EARNINGS, YOU MAY BE ELIGIBLE TO RECEIVE THE EARNED INCOME TAX CREDIT FROM THE FEDERAL GOVERNMENT (FEDERAL EITC). THE FEDERAL EITC IS A REFUNDABLE FEDERAL INCOME TAX CREDIT FOR LOW-INCOME WORKING INDIVIDUALS AND FAMILIES. THE FEDERAL EITC HAS NO EFFECT ON CERTAIN WELFARE BENEFITS. IN MOST CASES, FEDERAL EITC 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 FEDERAL TAX RETURN TO RECEIVE THE FEDERAL EITC. BE SURE TO FILL OUT THE FEDERAL EITC FORM IN THE FEDERAL INCOME TAX RETURN BOOKLET. FOR INFORMATION REGARDING YOUR ELIGIBILITY TO RECEIVE THE FEDERAL EITC, INCLUDING INFORMATION ON HOW TO OBTAIN THE IRS NOTICE 797 OR ANY OTHER NECESSARY FORMS AND INSTRUCTIONS, CONTACT THE INTERNAL REVENUE SERVICE BY CALLING 1-800-829-3676 OR THROUGH ITS WEB SITE AT WWW.IRS.GOV.

YOU ALSO MAY BE ELIGIBLE TO RECEIVE THE CALIFORNIA EARNED INCOME TAX CREDIT (CALIFORNIA EITC) STARTING WITH THE CALENDAR YEAR 2015 TAX YEAR. THE CALIFORNIA EITC IS A REFUNDABLE STATE INCOME TAX CREDIT FOR LOW-INCOME WORKING INDIVIDUALS AND FAMILIES. THE CALIFORNIA EITC IS TREATED IN THE SAME MANNER AS THE FEDERAL EITC AND GENERALLY WILL NOT BE USED TO DETERMINE ELIGIBILITY FOR WELFARE BENEFITS UNDER CALIFORNIA LAW. TO CLAIM THE CALIFORNIA EITC, EVEN IF YOU DO NOT OWE CALIFORNIA TAXES, YOU MUST FILE A CALIFORNIA INCOME TAX RETURN AND COMPLETE AND ATTACH THE CALIFORNIA EITC FORM (FTB 3514). FOR INFORMATION ON THE AVAILABILITY OF THE CREDIT, ELIGIBILITY REQUIREMENTS, AND HOW TO OBTAIN THE NECESSARY CALIFORNIA FORMS AND GET HELP FILING, CONTACT THE FRANCHISE TAX BOARD AT 1-800-852-5711 OR THROUGH ITS WEB SITE AT WWW.FTB.CA.GOV."

*THE INFORMATION CONTAINED IN THIS PUBLICATION HAS BEEN ABRIDGED FROM LAWS, COURT DECISIONS, NEWS ARTICLES AND ADMINISTRATIVE RULINGS AND SHOULD NOT BE CONSTRUED OR RELIED UPON AS LEGAL ADVICE. IF YOU HAVE QUESTIONS CONCERNING PARTICULAR SITUATIONS, SPECIFIC PAYROLL ADMINISTRATION OR LABOR RELATIONS ISSUES, PLEASE CONTACT YOUR LABOR RELATIONS REPRESENTATIVE.*