



## State Law Requires Employers to Tell Employees about Earned Income Tax Credit

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A state law passed in 2007, AB 650, requires employers to notify *all* employees that they may be eligible for the Earned Income Tax Credit (EITC). The information provided here is intended to help you meet the requirements of the law and make your employees aware of underutilized tax credits.

### What Does the Law Mean for Me?

*You must inform all employees that they may be eligible for the EITC.*

Effective Jan. 1, 2008, California law requires that you notify all employees covered under California Unemployment Insurance Code of their possible eligibility for the EITC. Employers are **required to hand directly to the employee or mail to the employee's last known address** written notification. Posting or displaying information in the workplace or sharing information with employees by e-mail does not meet the requirements of the law; however, it is encouraged as additional means to increase employee awareness of the EITC. The law requires notification of your employees within one week before or after, or at the same time that you provide them with their annual wage summary (Form W-2, 1099)

Here is a list of tools to help you inform your employees about the EITC:

- Download a notice to distribute to your employees that meets the new CA state legal requirements. You must hand this notice directly to the employee or mail it to the employee's last known address. You may also enclose a notice with the W-2 form. The notice is available for download at [www.sfworks.org/](http://www.sfworks.org/)
- Tell your employees about the San Francisco Working Families Credit (WFC). The WFC is a local incentive from the City of San Francisco that encourages San Francisco working families to claim the EITC and other benefits. Families who earn less than \$48,352 in 2010 are encouraged to receive their credit through direct deposit to a bank account.<sup>1</sup> This credit is \$125 for eligible applicants using direct deposit or \$50 for those requesting a check. Tell your employees to ask their tax preparers or to call (800) 358-8832 for more information.
- Notify employees earning less than \$49,000 in 2009 that they are eligible to have their taxes prepared for free. Tell your employees to call (800) 358-8832 or visit [www.earnitkeepitsaveit.org](http://www.earnitkeepitsaveit.org) for more information.

More information about specific filing instructions can be found in IRS Publication 15, Circular E, Employer's Tax Guide through the IRS website at [www.irs.gov](http://www.irs.gov).

**SF Works** is a nonprofit housed at the San Francisco Chamber of Commerce. Our service provides workers access to valuable savings and community resources. SF Works' goal is to create a vibrant, motivated and self-sufficient workforce in San Francisco.

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<sup>1</sup> Due to the reduced budget for FY2011-2012, the WFC Program is subject to the availability of funds. With the possibility that the City will restore the budget for the program, we encourage employees to apply.