

## **DTF NYS Earned Income Tax Credit (EITC) Claims**

**1) by Credit Type and Size of Earned Income**

**2) by Credit Type and Place of Residence**

**Beginning Tax Year 1994**

### **Overview**

#### **General Description**

The Department of Taxation and Finance (the Department) annually publishes statistical information on the New York State earned income tax credit (EITC). This includes data on the separate New York City EITC and the New York State noncustodial parent EITC. Summary data are presented for all taxpayers which includes full-year New York state residents, part-year residents and nonresidents (where applicable). Data are shown for the total number of claimants and credit claimed by county and/or region for all filing statuses.

First available in tax year 1994, New York's EITC is calculated as a percentage of the Federal EITC. The credit increases with earned income until reaching a maximum level and then phases out at higher income levels. The credit is refundable, meaning that when the credit exceeds the taxpayer's liability, the remainder is provided to the taxpayer in the form of a refund.

The EITC serves several intertwined purposes. First, because it is based on earned income, it acts as a type of wage subsidy and increases the net return on work effort to encourage either additional work effort or higher labor force participation. Second, the EITC offsets all or part of the payroll (Federal Insurance Contributions Act, or FICA) tax burden faced by lower-income workers. Finally, because it phases out as income increases, the EITC plays a general role in increasing the progressivity of the Federal income tax. New York's EITC serves similar purposes.

For a more detailed explanation of New York's EITC, see the link to "Taxation and Finance's Additional Information on New York's EITC" under Additional Resources.

#### **Data Collection Methodology**

This statistical data is prepared pursuant to a legislative mandate. The Department of Taxation and Finance (the Department) must submit to the Governor and the Legislature an annual preliminary report by September 30th and an annual final report by February 15th of each year.

The information comes from IT-215 or IT-209 credit claim forms filed through December of the following year (e.g., 2009 data includes forms filed by the end of December 2010). It includes credit claims that passed the Department's verification procedures, and therefore were credited or paid to taxpayers.

## **Statistical and Analytic Issues**

The dataset is an annual snapshot of credit claims that are filed and processed for a specific tax year by a certain point in time.

## **Limitations of Data Use**

The information reflects personal income tax credit-claim data collected, and does not account for subsequent audits or amendments that may occur after initial processing. In some cases (prior to 2005), inconsistent efforts to prohibit disclosure of taxpayer data resulted in the unintentional suppression of certain data items. Therefore, the information contained in the dataset does not reflect final credit allowed for all credit claims.