

Agency for Workforce Innovation
Susan Pareigis
Director

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Workforce Florida, Inc.
Curtis Austin
President

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CONTACTS:

Warren May, Communications Director, the Agency for Workforce Innovation (850) 245-7130

Lucia Fishburne, APR, Communications Director, Workforce Florida Inc. (850) 414-8301

Kathryn W. Davanzo, SPHR, Workforce Readiness Chair, HR Florida State Council, Inc. (727)-302-9170

Working Families Encouraged to Take Advantage of Tax Credits

~ Florida's workforce and human resources partners ask businesses to help workers apply for tax credit of up to \$4,400 each - Local communities to benefit as well ~

TALLAHASSEE – Florida's Agency for Workforce Innovation and Workforce Florida, Inc. in partnership with the HR Florida State Council, today urged Florida employers to help their employees take advantage of the Earned Income Tax Credit (EITC). The EITC is a refundable federal income tax credit for low to moderate income working individuals and families. Taxpayers who qualify and claim the credit can pay less federal tax, pay no tax or even get a tax refund of up to \$4,400.

Based on information from the IRS it is projected that as much as \$635 million goes unclaimed by the estimated 350,000+ working families/individuals in Florida who are not taking advantage of the EITC. Local workforce and HR professionals, in partnership with other key community organizations around the state will work together to help working Floridians apply for available tax credits. Employers can learn how the EITC can help their employees boost their wages at no additional cost to the business. With the tax refund, an individual with a \$7 hourly wage can realize the equivalent of about \$9 an hour. The impact goes beyond the individual and their family as local communities benefit from additional consumer activity.

"The Earned Income Tax Credit not only increases net pay to qualified Florida workers, it also positively impacts the communities where they spend their extra take-home pay," said Susan Pareigis, Director of the Agency for Workforce Innovation. "We want to assist businesses in helping their employees to learn more about and benefit from the EITC."

Congress originally approved the tax credit legislation in 1975. The maximum benefit at that time was \$400 per year and has grown to \$4,400 for tax year 2005. Income and family size determine the amount of the EITC. Allowable earnings cap also varies with family size, but can be as high as \$37 K. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. To qualify, taxpayers must meet certain requirements and file a tax return. According to the Center on Budget and Policy Priorities 1.4 million Florida workers received the EITC in 2003 (the most recent year with complete data) bringing into the state economy an additional \$2.7 billion. Many working families will qualify for both the EITC and the Child Tax Credit (CTC). The EITC will be larger, but the CTC can also provide a significant income boost.

"This is a program that literally makes work pay," said Curtis Austin, President of Workforce Florida. "The Earned Income Tax Credit and the Child Tax Credit provide a substantial incentive for low to moderate income families to participate in the workforce. At the same time it imparts to these families the dignity of work and self-sufficiency."

In addition to an end-of-year lump sum refund, most individuals who qualify for the EITC can also get a weekly/periodic pay supplement at no cost to their employers by filing a W-5 "EIC Advance Payment Certificate" with HR/payroll, thereby increasing net pay and usually job retention/satisfaction.

“Imagine the impact on your employees’ morale and loyalty when you help them increase their net income,” said Sherell Hendrickson, PHR, President of HR Florida State Council, Inc., “It’s a win-win situation all the way around – for the individual, the employer and the community that benefits from additional dollars circulating in the economy.”

Some Florida employers provide a W-5 to all their new hires enabling those who qualify to take home a bigger paycheck right from the start of their employment. Other employers go one step further and, during tax season, bring in tax preparation volunteers during the workday, at lunchtime, during shift changes, or after work to help their employees fill out their taxes.

To learn more about the EITC and how you can help your employees take advantage of it go to any one of the following resources on the web:

<http://www.irs.gov/eitc>

<http://www.cbpp.org/eic2006/>

<http://www.floridajobs.org/eitc/index.html>

The Agency for Workforce Innovation is the lead state workforce agency and directly administers the state’s Labor Market Statistics program, Unemployment Compensation, Early Learning and various workforce development programs.

www.FloridaJobs.org

Workforce Florida Inc. is the state workforce policy and oversight board. Workforce Florida and the Agency for Workforce Innovation are partners in the Employ Florida network along with the 24 Regional Workforce Boards who deliver services through nearly 100 One-Stop Centers around the state.

www.WorkforceFlorida.com

The HR Florida State Council, Inc., the state affiliate of the Society of Human Resource Management (SHRM), is a volunteer entity whose primary objective is to support the mission and initiatives of SHRM through education. In addition to representing over 11,000 individual members, the Council acts as a resource for 27 SHRM affiliated chapters and provides on-going general information and guidance.

www.HRFlorida.org

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