



U.S. Department of Housing and Urban Development
Office of Multifamily Housing
Region X Multifamily HUB

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MEMORANDUM FOR: All HUD Partners in the Region X Area

Renee D. Greenman

FROM: Renee' D. Greenman, Director, Region X Multifamily Hub

SUBJECT: Important Guidance on Exclusion of the Earned Income Tax Credit (EITC) and Child Tax Credit for HUD Rental Assistance Programs

National studies indicate that 20% of the eligible families may NOT be claiming the Earned Income Tax Credit (EITC) and Child Tax Credit in their returns even though the EITC can return as much as \$350 each month to working adults with children, helping children and helping families pay bills on time. EITC and Child Tax Credit is NOT counted as income for calculating rent. This means that HUD Assisted Tenants will receive 100% of the benefit of the EITC. [HUD provides information](#) explaining tax credits and available free tax advice. Please carefully review all of the EITC policy conclusions for HUD rental assistance programs listed below.

The HUD Seattle Office has an [English EITC flyer](#), and one created in [Spanish](#). The [HUD Oregon Office](#) has a central place to find information and links to other important EITC resources such as brochures and fliers to distribute to your clients. The Oregon Office has also joined with a number of other agencies in a partnership known as [CASH-Oregon \(Creating Assets, Savings and Hope\)](#). For information specific to [Idaho](#), call the 2-1-1 Idaho CareLine or 1 (800) 926-2588, from 8am to 6pm, Monday through Friday. [Washington State](#) also posts EITC information and links to free tax preparation software.

The National Women's Law Center offers tax help fliers specific to 36 states and the [District of Columbia](#). Other brochures, including translations into twenty languages and more promotional ideas, are available from the Center on Budget and [Policy Priorities](#).

AARP free tax preparation sites are available beginning February 1, 2006 through April 15th, 2006. The [AARP Tax-Aide site locator](#) can be reached by calling 1 (888) OUR-AARP (1 (888) 687-2277), from 7am until 12midnight, Monday through Friday, ET.

We strongly urge you to visit these sites and make sure that every working tenant knows about the EITC, and that you provide information on the EITC at every income certification and recertification for working families. Any families that received earned income during the year, even if they have no tax liability and are not required by law to file a return, should be encouraged to file, as they may be eligible for the EITC.

EITC and Child Tax Credit Policy Conclusions for HUD Rental Assistance Programs

1. EITC and Child Tax Credits do NOT count as income for purposes of determining initial income eligibility for HUD Rental Assistance programs.
2. EITC and Child Tax Credits are NOT counted for purposes of determining tenant rent payment.
3. Even if the tenant paid NO income tax, but received an EITC refund or advance payment, the EITC payment STILL does not count as income for eligibility or tenant rent payment purposes.
4. The underlying employment that creates the eligibility for the earned income credit continues to be reported by the tenant. Increases in income (other than the EITC itself) will continue to be handled in accordance with outstanding instructions. Willful failure to report employment and related income is fraud.
5. Any deposit into an interest bearing account from either one time or monthly EITC proceeds is subject to the same disclosure requirements and income generated is to be treated like any other investment income.