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Dear Provider

Please be advised that the United States Congress repealed the Advanced Earned Income Tax Credit (AEIC) as of December 31, 2010.

Effective January 1, 2011, employees eligible for the Earned Income Tax Credit will no longer be able to request advanced quarterly payments of the tax credit.

In accordance with this new tax law, you are hereby notified that PPL will no longer accept or process IRS Form W-5 Earned Income Credit Advance Payment Certificate.

Please note that the Earned Income Credit still exists. However, eligible employees may no longer request the tax credit in advance. If you believe you are eligible for the tax credit, you may claim the tax credit on IRS Form 1040 at the end of the year when you file your annual tax return.

IRS Publication 596 explains the Earned Income Credit in detail. Please refer to this document for additional guidance. If you need further clarification please contact a tax professional. PPL cannot provide tax advice.

Sincerely,

PPL Tax Team

## Possible Federal Tax Refund Due to the Earned Income Credit (EIC)

After 2010 employees can no longer get advance payments of the Earned Income Credit in their pay during the year as they could in 2010 and earlier years, because the law changed. However, if employees are eligible, they will still be able to claim the credit on their 2011 return.

Form W-5, Earned Income Credit Advance Payment Certificate, is no longer in use.

To qualify for EIC the person must meet certain rules. These rules for year 2010 are summarized in the table below:

First, you must meet all the rules in this column		Second, you must meet all the rules in ONE of these columns, whichever applies		Third, you must meet the rule in this column
Chapter 1. Rules for Everyone		Chapter 2. Rules If You Have a Qualifying Child	Chapter 3. Rules if You do Not Have a Qualifying Child	Chapter 4. Figuring and Claiming the EIC
<p>1. Your adjusted gross income (AGI) must be less than:</p> <ul style="list-style-type: none"> <li>• \$43,352 (\$48,362 if married filing jointly) if you have 3 or more qualifying children</li> <li>• \$40,363 (\$45,373 if married filing jointly) if you have 2 qualifying children</li> <li>• \$ 35,535 (\$ 40,545 if married filing jointly) if you have 1 qualifying child</li> <li>• \$ 13,460 (\$ 18,470 if married filing jointly) if you do not have a qualifying child</li> </ul>	<p>2. You must have a valid Social Security number</p> <p>3. Your filing status cannot be "Married filing separately"</p> <p>4. You must be a U.S. citizen or resident alien all year</p> <p>5. You cannot file Form 2555 or Form 2555-EZ (relating to foreign earned income)</p> <p>6. Your investment income must be \$3100.00 or less</p> <p>7. You must have earned income</p>	<p>8. Your child must meet the relationship, age, residency, and joint return tests</p> <p>9. Your qualifying child cannot be used by more than one person to claim the EIC</p> <p>10. You cannot be a qualifying child of another person</p>	<p>11. You must be at least 25 but under age 65</p> <p>12. You cannot be dependent of another person</p> <p>13. You cannot be a qualifying child of another person</p> <p>14. You must have lived in the United States more than half of the year</p>	<p>15. Your earned income must be less than:</p> <ul style="list-style-type: none"> <li>• \$43,352 (\$48,362 if married filing jointly) if you have 3 or more qualifying children</li> <li>• \$40,363 (\$45,373 if married filing jointly) if you have 2 qualifying children</li> <li>• \$ 35,535 (\$ 40,545 if married filing jointly) if you have 1 qualifying child</li> <li>• \$ 13,460 (\$ 18,470 if married filing jointly) if you do not have a qualifying child</li> </ul>

For qualifying earning limits for year 2011 and for the following years you will need to refer to instructions on the current form 1040 or 1040A.

**If eligible, you can claim the EIC to get a refund even if you have no tax withheld from your pay or owe no tax.**

**For example, if you had no tax withheld in 2010 and owe no tax but are eligible for a credit of \$829.00, you must file a 2010 income tax return to get the \$ 829.00 refund. You must take the same approach when filing taxes for year 2011 and going forward.**