



State of North Carolina

Office of the State Controller

DAVID T. MCCOY
STATE CONTROLLER

October 1, 2010

RE: Advanced Payments of Earned Income Tax Credit Repealed

Legislation signed by President Obama on August 10, 2010 repeals the Advanced Earned Income Tax Credit, effective January 1, 2011. This change is a provision of HR 1586 (Public Law 111-226, Section 219).

The earned income tax credit (EIC) is a credit for eligible employees. The credit reduces the federal income tax an employee owes and may give the employee a refund even if the employee does not owe any tax. Some employees are also eligible to receive the EIC in advance as part of each paycheck. To receive an advanced EIC payment, the employee completes a W-5 form annually.

Effective January 1, 2011 the State can no longer advance payment of the EIC to employees. Eligible employees will still be able to claim the earned income tax credit on their personal income tax returns.

When the 2010 W-5 forms expire at the end of this calendar year, there will not be a replacement form. Agencies should remove the W-5 form from any new hire packages or HR/Payroll form lists the agency maintains.

For OSC BEACON support, call 866-NCBEST4U (866-622-3784) e-mail: BEST@osc.nc.gov or fax 919-855-6861.