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STATE OF FLORIDA
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January 2, 2003

IN REPLY REFER TO:
DBFBP 03-01

TO: Agencies Addressed

FROM: John Bennett, Chief
Bureau of State Payrolls

SUBJECT: IRS Error on 2002 Form W-2 (Earned Income Credit Limits)

The Internal Revenue Service (IRS) has announced an error on 2002 Form W-2, "Notice to Employee" on the back of Copy B. The earned income limitations shown in the "Earned income credit (EIC)" notice are incomplete and should have included the income limits for taxpayers who file "married filing jointly". The earned income limit for taxpayers who file "married filing jointly" should be \$1,000 more than the amount shown for each listed scenario. The relevant text in the second paragraph of the notice should have read as follows:

"You may be able to take the EIC for 2002 if **(a)** you do not have a qualifying child and you earned less than \$11,060 (\$12,060 if married filing jointly), **(b)** you have one qualifying child and you earned less than \$29,201 (\$30,201 if married filing jointly), or **(c)** you have more than one qualifying child and you earned less than \$33,178 (\$34,178 if married filing jointly). You and any qualifying children must have valid social security numbers (SSNs)."

Employing agencies should alert all affected employees about the IRS 2002 Form W-2 error and the correct income limitations as soon as possible. The following options are available:

- Provide employees with a copy of Notice 797 (Rev. November 2002), Possible Federal Tax Refund Due to the Earned Income Credit (EIC) (You can obtain this notice by calling 1-800-829-3676, or by computer at <http://www.irs.gov/pub/irs-pdf/n797.pdf>).
- Send an agency-wide memo or e-mail informing employees of the correct EIC limitations.
- Inform your employees of the correct EIC earned income limitations in another appropriate manner. For example, post a notice informing employees of the correct EIC limitations. The notice should be posted in a place where employee notices are normally placed.

The attached "Notice to Employees" was prepared to assist agencies with alerting employees of the error. Agencies may use this notice for informing its employees of the correct EIC earned income limitations for 2002.

If you have any questions, please feel free to contact Ernest Thompson at (850)410-9432, Suncom 210-9432, or by email at ethomps@mail.dbf.state.fl.us.

JB/ET:sd

Attachment

NOTICE TO EMPLOYEES ERROR ON 2002 FORM W-2, BACK OF COPY B EARNED INCOME CREDIT (EIC) LIMITS

The Internal Revenue Service (IRS) has announced an error on 2002 Form W-2, "Notice to Employee" on the back of Copy B. The earned income limitations shown in the "Earned income credit (EIC)" notice on the back of Copy B are incomplete and should have included the income limits for "married filing jointly". The earned income limit for taxpayers who file "married filing jointly" should be \$1,000 more than the amount shown for each listed scenario.

The relevant text in the second paragraph of the notice should have read as follows:

You may be able to take the EIC for 2002 if **(a)** you do not have a qualifying child and you earned less than \$11,060 (\$12,060 if married filing jointly), **(b)** you have one qualifying child and you earned less than \$29,201 (\$30,201 if married filing jointly), or **(c)** you have more than one qualifying child and you earned less than \$33,178 (\$34,178 if married filing jointly). You and any qualifying children must have valid social security numbers (SSNs).

For additional information on Earned Income Credit, see IRS Notice 797, (revised November 2002) Possible Federal Tax Refund Due to the Earned Income Credit (EIC). This booklet may be obtained by calling 1-800-829-3676, or by computer at <http://irs.gov/pub/irs-pdf/n797.pdf>.