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Taxpayers being notified of potential credit eligibility

The Taxation and Revenue Department is notifying about 20,000 taxpayers that they may have been eligible to claim the state's Working Families Tax Credit (WFTC) for past tax years or that they may be eligible to claim it when filing their 2021 Personal Income Tax returns.

Letters are being mailed this week and next to people who claimed the federal Earned Income Tax Credit (EITC) but not the state's WFTC. Taxpayers who are eligible for the EITC are automatically eligible for the state credit.

Letters also are going to taxpayers who do not have a Social Security number but instead file their income taxes using an Individual Tax Identification Number (ITIN). Those taxpayers are not eligible to receive the federal EITC, but due to 2021 legislation signed by Gov. Michelle Lujan Grisham, beginning with the coming filing season, they may be eligible for the state Working Families Tax Credit if they meet all other requirements for the EITC.

Similarly, taxpayers under age 25 without children may now be eligible for the state's WFTC when filing their 2021 New Mexico Personal Income Tax returns.

"The Working Families Tax Credit is an incredibly important poverty reduction tool because it incentivizes work and reaches hundreds of thousands of low-income New Mexico families. The Taxation and Revenue Department is passionate about ensuring that every eligible New Mexican receives it," said Cabinet Secretary Stephanie Schardin Clarke.

The refundable credits, based on family size and earned income, can reduce eligible taxpayers' federal and state tax bills. If the credit exceeds a taxpayer's income tax liability, they may receive a refund.

Information about other eligibility requirements and EITC credit values based on earned income and family size can be found at [IRS.gov](https://www.irs.gov) or in IRS publication 596.

For the 2020 tax year, the state's WFTC was worth 17 percent of the value of the federal EITC. For 2021, the state's WFTC will be worth 20 percent of the value of the federal credit.

Taxpayers who didn't claim a credit for which they may have been eligible on past returns may file an amended return.

The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

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