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HEADLINE: NEW IRS RED TAPE WILL TIE UP POOR, MIKE SAYS

BYLINE: By FRANK LOMBARDI DAILY NEWS CITY HALL BUREAU

BODY:

Mayor Bloomberg urged the IRS yesterday to scrap proposed rule changes that he said will make it harder for the working poor to claim their tax breaks.

In a letter to IRS Commissioner Mark Everson that puts the mayor on the same side as some City Council Democrats, Bloomberg said the changes to **Earned Income Tax Credit** regulations could "decrease filings by legitimate, eligible recipients."

The **Earned Income Tax Credit** lets 700,000 low-income city taxpayers claim up to \$1.3 billion a year in federal tax refunds.

But the IRS says the program could be susceptible to fraud, and it plans to launch a pilot project requiring taxpayers to prove, before they file their returns, that their children lived with them for more than six months.

The mayor's questioning of the IRS proposal marks the third time in as many weeks that Bloomberg has taken a combative stance against fellow Republicans in Washington.

Two weeks ago, he warned conservatives in the national GOP not to make a campaign issue of gay marriage. On Friday, his administration sued the federal government for \$100 million in Social Security contributions that it said were wrongly withheld from city workers injured in the line of duty.

The mayor's stance on the IRS echoes the position of Council Democrats, who yesterday separately blasted the proposed regulation changes as a GOP blow against low-income earners.

"The Bush administration is continuing its unconscionable attack on working people," said City Council Speaker Gifford Miller (D-Manhattan), decrying the prequalification plan.

He also sent a letter to the IRS yesterday contending that "forcing low-income New Yorkers to

jump through even more bureaucratic hoops" would further dissuade otherwise eligible taxpayers from filing for **earned income tax credits**.

He said 230,000 eligible city taxpayers fail to claim the credits each year, costing them a total of nearly \$500 million.

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