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LINKING PEOPLE, LEARNING AND PERFORMANCE FOR SOCIAL JUSTICE

Guide to Low Income Tax Credits

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Three Guidelines for Legal Services Advocates

1. Always ask: Is the client, family member or friend currently working, or has worked within the last three years? Educate. Alert community partners.

2. Consider clients who fall into groups least likely to file.

- Workers with Disabilities & Families Raising Children with Disabilities
- Domestic Violence Survivors
- Foster Parents
- Grandparents Raising Grandchildren
- Low Income Workers without Children
- Native Americans
- Refugees
- Veterans

3. Consider how tax credit may affect clients in your own housing, public benefit and family cases; e.g., is County Welfare Department incorrectly counting the refund as income or resource to make the client ineligible or lessen benefit amount? Is PHA or other housing provider counting it to determine eligibility for rental assistance or rent amount? Are domestic violence survivors receiving their payments in the safest possible way?

4. Refer clients to competent groups to advise and help them file for tax credits. (Quick Links to Flyers and Resources, p. 28)

Low Income Tax Credits

Overview

Tax credits — amounts that reduce tax liability — are among the most potent anti-poverty programs for families with children

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Advocacy Alert: Our job as legal advocates is to make sure our clients and client communities take full advantage of these benefits — no matter what our practice specialty.

Most tax credits are *nonrefundable credits* because they reduce tax liability to zero, but not below. *Refundable tax credits*, on the other hand, reduce tax liability below zero, allowing filers to receive a refund.

This Guide focuses on these low income tax credits:
• Earned Income Tax Credit
• Child Tax Credit
• The Child and Dependent Care Credit

Impact
Refundable tax credits can substantially reduce poverty among families with children. Absent any changes to the poverty measure except including tax credits in a family's available resources, the Tax Policy Center[1] estimates a third fewer children would be in poverty.

Using the tax code to deliver assistance to low-income families makes good sense. The credits are designed as work incentives. Many studies show that the EITC encourages people – particularly single moms – to enter the labor force.

Recent ground-breaking research suggests the income from the EITC and CTC credits leads to benefits at every life stage. For example, children in families receiving the credits do better in school, are likelier to attend college, and can be expected to earn more as adults.[2]

The tax system provides an administratively convenient way to aid low-income working families. Unlike most other agencies, the IRS has reliable employer-provided information on earnings, the basis for credit eligibility. *And it's easier for low-income families to claim credits on their tax returns than to apply for assistance at welfare offices—a major reason why more eligible people receive tax credits than TANF or SNAP benefits.*

The Earned Income Tax Credit

The Earned Income Tax Credit (EITC), enacted in 1975, is a refundable federal tax credit available to assist working families and individuals. The EITC provides more than $62 billion[3] each year through the tax code.

The EITC is available to low and moderate-income workers regardless of their tax liability — even if they don't have to file or pay taxes. The credit amount that taxpayers receive depends on their income and the number of qualifying children they have.

Under current law, adults working full time at minimum wage who have no children or are noncustodial parents are ineligible to receive any EITC benefits. These people would receive the maximum EITC if they had children. As a result, low wage workers not raising minor children are the only Americans whom the federal income

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[1] Urban Institute and Brookings Institution http://www.taxpolicycenter.org/ ; http://www.taxpolicycenter.org/publications/url.cfm?ID=1000467

[2] "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds" by Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon DeBot (April 3, 2015) http://goo.gl/DlJyrE

[3] http://www.cbpp.org/research/policy-basics-the-earned-income-tax-credit

tax taxes into poverty.

Advocacy Point: Low-wage, single filers need more help than the EITC currently offers them. The size of the credit should be increased for these taxpayers while maintaining its strength for households with children.[4]

Benefits

The EITC benefits families by:

• reducing the tax burden on workers—especially the Social Security payroll tax

• supplementing wages

• making work more attractive than welfare

• reducing income equality and helping low-income families build assets.

At its inception, the EITC was relatively small in size, but several increases in the late 1980s and early 1990s turned the EITC into largest federal aid program targeted to the working poor.

The Center on Budget and Policy Priorities calculates that the EITC was responsible for lifting 6.2 million people out of poverty in 2013. In the 2013 tax year, over 27 million workers received the EITC; about $2,200 for a family with children and $259 for a household without children. [5]

Families mostly use the EITC to pay for necessities, repair homes, maintain vehicles that are needed to commute to work, and in some cases, obtain additional education or training to boost their employability and earning power.

Benefits Go Unclaimed

Unfortunately, millions of dollars of EITC owed to eligible workers go unclaimed. National estimates are that approximately 15 to 25% of eligible families do not claim the EITC they have earned. Those not claiming the credit generally fall into two categories:

(1) those that file and do not claim the credit since they were not aware of the credit and

(2) those that don't file at all, either because they are afraid to file or because they have no tax liability and are not aware that EITC is refundable even if they have no tax liability.

The IRS reports that these groups are the most likely to not claim the EITC:

• rural residents
• self-employed people
• people with disabilities
• people with no children
• non-traditional parents *e.g.*, grandparents
• limited English speaking people
• Native Americans
• people newly eligible (earnings have declined, parental or marital status changed)
• people not required to file

Practice Tip: Here's a role we can play with very little effort — let our clients know about the EITC and allay any fears abut filing**.** This may be as simple as distributing flyers or posting information on your web site with relevant information.

• Download flyers and other information (21 languages to chose from) here.[6]

Recent Changes

The 2009 Recovery Act (ARRA) added a "third tier" for families with three or more children and allowed married couples to receive larger tax benefits. American Taxpayer Relief Act of 2012 §103 extends these ARRA expansions through the 2017 tax year.

4

"Investing in Work by Reforming the Earned Income Tax Credit" proposes implementing a worker credit based on individual earnings and not contingent on having children at home. http://www.taxpolicycenter.org/publications/url.cfm?ID=2000232

5 http://www.cbpp.org/research/policy-basics-the-earned-income-tax-credit

6 http://www.eitcoutreach.org/home/outreach-tools/

Most workers receive the EITC as a lump sum after filing their return. *Congress recently eliminated the ability to apportion sums in each paycheck throughout the year.*

State Earned Income Tax Credits

Twenty-seven states including DC have state EITCs: Colorado, Connecticut, Delaware**,** Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Maine, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Rhode Island, Vermont, Virginia, Washington, and Wisconsin.[7]

And as of May 2015 … California.

State-level EITCs make even more money available to low-income workers. Twenty-three state EITCs are refundable — available to workers even if they earn too little to owe state income taxes. State EITCs help offset the impact of sales and property taxes that have a disproportionate impact on lower-income families.

Most state EITCs follow federal eligibility rules, setting their benefit as a percentage of the federal credit, called *the adjustment factor*. The calculation is very simple. Filers simply multiply that percentage (which ranges from 3.5% to 40%) by the amount of their federal EITC to determine the amount of their state EITC.

States report very low administrative costs -- typically less than 1 % -- so nearly every dollar a state spends on the EITC goes directly to the working families in need of help.

Three local governments — New York City, San Francisco, and Montgomery County, Maryland — offer local EITCs.[8]

California (SB 80)[9]

Beginning with tax year 2015, the state's first Earned Income Tax Credit will help the poorest working families in California. This targeted credit provides a refundable tax credit that focuses on the lowest-income Californians — households with incomes less than $6,580 (if no dependents) or $13,870 (if three or more dependents).

About 2 million Californians are expected to benefit from the state credit. For families with income below $7,000, state and federal credits combined will boost incomes by nearly *75 percent*.[10]

Features

The California credit matches 85% of the federal credit at the lowest income levels, with a maximum benefit of $2,653. The credit will reach only about *one-fifth* of Californians who benefit from the federal credit -- households with incomes less than $6,580 (no dependents) or $13,870 (three or more dependents).

California's EITC includes features that set it apart from other state EITCs:

• Only workers with earnings subject to wage withholding will qualify for the credit; those with self-employment income alone will not be eligible.

• The legislature will set the state benefit – a percentage of the federal credit - *each year* as part of the state budget. And this percentage, the "adjustment factor," will determine the size of the credit for workers with earnings below levels

[7] http://www.cbpp.org/research/state-budget-and-tax/policy-basics-state-earned-income-tax-credits

[8] http://www.workingfamiliescredit.org/

"Delivering a Local EITC: Lessons from the San Francisco Working Families Credit" by Tim Flacke and Tiana Wertheim May 2006 http://www.brookings.edu/reports/2006/05childrenfamilies_flacke.aspx;

[9] Amends Revenue and Taxation Code §§ 19136 and 19167 and adds § 17052 http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB80&search_keywords=Earned+Incomeax+credit

[10] http://calbudgetcenter.org/wp-content/ploads/2015_16-State-Budget-Package_First-Look_06292015.pdf

specified in state statute. If the legislature does not specify the adjustment factor in the budget, then no state EITC will be provided that year.

• The state credit will only be provided in years in which the budget provides resources to the Franchise Tax Board (FTB) to oversee its administration and audit tax returns that claim the credit.

Outreach
The 2015-16 budget agreement also includes $22.0 million for the FTB to implement the credit and conduct public outreach efforts to promote it. A robust outreach effort will be critical to the state EITC's success because the credit targets workers whose earnings are so low that they likely do not have to file state taxes and may not be familiar with how filing works.

Information Point: For California EITC find information on the Franchise Tax Board website: California Earned Income Tax Credit (EITC).

Information Point: For more information on state EITCs or starting an EITC in your state, see "A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2011"[11] and Flyer — State Earned Income Tax Credits [12]

Child Tax Credit (CTC)

Working families may be able to receive the benefits of the federal Child Tax Credit, worth up to $1,000 per child, for dependent children under 17. While the Child Tax Credit has been around since 1998, Congress made changes to it in 2001 that allowed part to be refundable to working families with limited or no tax liability.

To be eligible for the Child Tax Credit, single or married workers must:

- Be able to claim an exemption for a dependent child under age 17 on their tax return;

- Have taxable earned income above $11,300; and

- Have either a Social Security number (SSN) or an Individual Taxpayer Identification Number[13]

Qualifying Child
A qualifying child for this credit is someone who meets the qualifying criteria of six tests: age, relationship, support, dependent, citizenship, and residence.

> **Age Test -** To qualify, a child must have been under age 17 – age 16 or younger – at the end of the current taxable year.
>
> **Relationship Test -** To claim a child for purposes of the Child Tax Credit, she or he must either be a son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister or a descendant of any of these individuals, which includes a grandchild, niece or nephew. An adopted child is always treated as taxpayer's own child. An adopted child includes a child lawfully placed with the taxpayer for legal adoption.
>
> **Support Test -** In order to claim a child for this credit, the child must not have provided more than half of their own support.
>
> **Dependent Test** – Taxpayers must claim the child as a dependent on their federal tax return.

11 http://www.cbpp.org/cms/index.cfm?fa=view&id=3474

12 http://www.eitcoutreach.org/home/outreach-tools/

13 IRS issues ITINs to foreign nationals and others who have federal tax reporting or filing requirements and do not qualify for SSNs. http://www.irs.gov/individuals/article/0,,id=222209,00.html

Citizenship Test - To meet the citizenship test, the child must be a U.S. citizen, U.S. national, or U.S. resident alien.

Residence Test - The child must have lived with the taxpayer more than half of the taxable year. There are some exceptions to the residence test, which can be found in IRS Publication 972, Child Tax Credit.

Limitations

The credit is limited if modified adjusted gross income is above a certain amount. The amount at which this phase-out begins varies depending on filing status. For married taxpayers filing a joint return, the phase-out begins at $110,000. For married taxpayers filing a separate return, it begins at $55,000. For all other taxpayers, the phase-out begins at $75,000.

The Child Tax Credit is generally limited by the amount of the income tax owed as well as any alternative minimum tax owed.

Additional Child Tax Credit

If the amount of Child Tax Credit is greater than the amount of income tax owed, taxpayer may be able to claim the Additional Child Tax Credit Schedule 8812.

Practice Tip: Publication 972 explains it all with examples.

Information Point: Information on CTC is included on EITC flyers at http://www.eitcoutreach.org/home/outreach-tools/

The Child and Dependent Care Credit

The Child and Dependent Care Credit is a tax benefit that helps families pay for child care *they need in order to work or to look for work.* The credit also is available to families who must pay for the care of a spouse or adult dependents unable to care for themselves.

The Child and Dependent Care Credit reduces the federal income tax that an eligible family pays. Parents can claim as much as $3,000 in dependent care expenses per child (up to $6,000 for two or more children). Unlike the EITC, families earning too little to pay federal income tax cannot use this credit.

Advocacy Tip: The EITC and CTC do not affect a family's eligibility for this credit. Claiming all three credits, when possible, may mean even more money back from the IRS.

Requirements

Families can claim this credit if they meet all these requirements: [14]

• They pay for care for a qualifying child under age 17 claimed as a dependent, or a spouse or dependent not able to care for themselves, who lived with the family for more than half of the year

• They need the child or dependent care to work or look for work. In a two-parent family, both spouses must need the child or dependent care to work or to look for work unless one spouse is a full-time student or unable to care for themselves.

• The amount of work-related expenses used to figure the credit cannot exceed their income for the year.

Credit Amount

The size of the Child and Dependent Care Credit depends on the number of children or dependents in care, a family's income, and the amount the family paid for care during the year. It ranges from 35% to 20% of costs. People with lower incomes get a higher percentage of costs than people with higher incomes. It can be as much as $1,050 for families with one child or dependent in care and up to $2,100 for families with more than one child or dependent in care.

Claiming the Credit

To claim the Child and Dependent Care Credit, people must file Form 1040 or 1040A and Form 2441.

Practice Tip: Ten Things (the IRS wants you) to Know About the Child and Dependent Care Credit[15]

State Child and Dependent Care Credits

Twenty-eight states have child and dependent care tax provisions. Thirteen of those states provide refundable credits.[16]

California[17] Since January 1, 2000, California provides for a child and dependent care expense credit equal to a percentage of expenses. Administered by the Franchise Tax Board, it partially defrays expenses incurred by taxpayers who must care for children or other dependents so that they can be employed or seek employment.

[14] Child and Dependent Care Expenses are detailed in IRS Publication 503 http://www.irs.gov/pub/irs-pdf/p503.pdf

[15] http://www.irs.gov/uac/Newsroom/Claiming-the-Child-and-Dependent-Care-Tax-Credit

[16] State Child and Dependent Care Tax Provisions, Tax Year 2012 http://www.nwlc.org/sites/default/files/pdfs/childanddependentcarecreditsfactsheet.pdf

[17]Q & A at https://www.ftb.ca.gov/professionals/taxnews/2012/January/Article_3.shtml

As of January 2011, like the federal credit, the California credit is not refundable.

The credit is available for direct expenses associated with such care — up to $3,000 for one child or dependent and up to $6,000 for two or more children or dependents. The California credit is calculated as a percentage of the similar federal credit.

The percentage allowed under the California program decreases as taxpayer adjusted gross income (AGI) increases. Thus, for taxpayers with AGIs of $40,000 or less, the credit percentage is 50% of the federal credit; for taxpayers with annual AGIs of $40,000 to $70,000, the credit is 43% of the federal credit; and for taxpayers with AGIs of $70,000 to $100,000, the credit is 34 % of the federal credit. The credit is not available to taxpayers with annual AGIs in excess of $100,000.

The maximum available credit for families with at least two children or dependents ranges from $1,050 for lower-income taxpayers to $408 for those with incomes of between $70,000 and $100,000.

Information Points: Law Summary California Child and Dependent Care Expenses (CDC) Credit and Form 3506[18]

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[18] https://www.ftb.ca.gov/forms/2012/12_3506.pdf

The Earned Income Tax Credit

Category Eligibility

To qualify for EITC, people must work during the filing year and

• be raising a qualifying child or

• between ages 25 and 64

"Qualifying Child"

• Sons, daughters, stepchildren, grandchildren, and adopted children

• Brothers, sisters, stepbrothers, or stepsisters—as well as descendants of such relatives

• Foster children who are placed with the worker by an authorized government or private placement agency

Qualifying children must live with the worker for more than half of the year. They must be under age 19, or under age 24 if they are full-time students.

Workers may claim an individual with total and permanent disabilities of any age as a "qualifying child" for the EITC if that person otherwise meets the EITC qualifying child rules.

Custodial Parents
Custodial parents have priority in claiming the EITC if other family members who live with the child could also claim the credit. Working custodial parents can claim their child for the EITC (and as a dependent) even if the parent and child are living with another relative who earns more than the parent.

SSN
Valid Social Security numbers are required for qualifying children born before December 31, 2006.

Immigrants
In order to claim the EITC, immigrant workers, their spouses, and children must each have valid Social Security numbers that permit them to work legally in the United States. Individual Taxpayer Identification Numbers (ITIN) issued by the IRS to non-citizens and non-work Social Security numbers issued to applicants or recipients of federally funded benefits programs cannot be used to claim the EITC.

Immigrants also must be a "resident alien for tax purposes" for the entire tax year to claim the EITC. Immigrants who were non-resident aliens at any time during the year cannot claim the EITC unless they:

• were married to a U.S. citizen or a resident alien as of December 31 of the tax year, **and**

• filed a joint tax return with the spouse and choose to be treated as a resident alien for the entire year.

Immigrants who are "resident aliens for tax purposes" include

• Lawful Permanent Residents

• Amnesty temporary residents and amnesty family members granted "Family Fairness" or "Family Unity" status

• Refugees, asylees and those granted Temporary Protected Status

• Applicants for these and other immigration statuses who have legal work authorization and Social Security numbers.[19]

Financial Eligibility

Resources
Workers with *investment income* exceeding $3,400 in tax year 2015 may not claim the EITC.

[19] For more information on how resident alien status is determined, see IRS Publication 519, US. Tax Guide for Aliens http://www.irs.gov/publications/p519/index.html

Earned Income
To be eligible for the EITC, individuals must have earned income. (*See Figure1below*) Most disability-related benefits are not considered earned income. Benefits such as Social Security Disability Insurance, SSI, military disability pensions, and payments from individually-purchased disability insurance policies are not counted as earned income. Individuals who receive these types of benefits may qualify for the EITC and the CTC refund if they, or their spouse, also have earned income.

People who receive long-term, employer-paid disability benefits and are under minimum retirement age can qualify for the EITC, even if they did not work during the tax year. Such disability benefits are considered taxable income, are reported as wages on tax returns and are considered earned income in determining eligibility for the EITC and the CTC refund.

Income Limits
To be eligible for the EITC, individuals' income must be below certain limits. Income limits change annually. Be sure to check for each year's limits.[20]

• Families with one child who **earn less than $39,131** in 2015 (or less than **$44,651** for married workers) are eligible for a credit of **up to $3,359**.

• Families with two children who **earn less than $44,454** in 2015 (or less than **$49,974** for married workers) are eligible for a credit of **up to $5,548.**

• Families with three or more children who **earn less than $47,747** in 2015 (or less than **$53,267** for married workers) are eligible for a credit of **up to $6,242**.

• Workers without a qualifying child who **earn less than $14,820** in 2015 (or less than **$20,330** for married workers) are eligible for a credit of **up to $503**.

College Financial Aid
College students who work and are raising children may be eligible to claim the EITC and CTC. Parents of full-time students under age 24 (or students of any age who have total and permanent disabilities) may also be able to claim the EITC. Students between ages 25 and 64 who are not raising children and who work may also be eligible for the EITC.

• Non-taxable scholarships and grants are not considered income in determining eligibility for the EITC or CTC; taxable grants and scholarships also are not considered "earned income," but are included in determining "adjusted gross income," which may affect eligibility for the EITC and CTC.

• The EITC is counted as family income in determining financial aid eligibility, but CTC refunds are not counted as family income. However, for many low-income students who work, or their parents, the EITC will have no effect on financial aid amounts or eligibility. Adding the tax credit refund amounts to other income often will not cause income to reach the threshold at which the student or family is required to contribute to the cost of education.

[20] http://www.eitcoutreach.org/home/outreach-tools/resources/eligibility-information-2015/; http://www.irs.gov/Credits-&-Deductions/Individuals/Earned-Income-Tax-Credit/EITC-Income-Limits-Maximum-Credit-Amounts-Next-Year

Figure 1

Earned Income

Includes:

Taxable Earned Income:

- Wages, salaries, and tips
- Union strike benefits
- Long-term disability benefits received before minimum retirement age
- Net earnings from self-employment
- Gross income received as a statutory employee
- Exception: Military combat pay is non-taxable earned income, up to the highest pay level for enlisted personnel. Combat pay is counted to determine eligibility for the CTC. Military personnel may choose to count their non-taxable combat pay in determining eligibility for the EITC, if it is advantageous to do so.

If investment income exceeds $3,400, the EITC may not be claimed. Investment income includes taxable interest, tax-exempt interest, and capital gain distributions.

For more detail, see IRS Publication 596, "Earned Income Credit."

Other tax benefits
Individuals who claim the federal Credit for the Elderly or the Disabled on their tax returns may also claim the EITC and CTC, if eligible.[21]

Does not include:

- Interest and dividends
- Social security and railroad retirement benefits
- Welfare benefits
- Workfare payments
- Pensions or annuities
- Veterans' benefits (including VA rehabilitation payments)
- Workers' compensation benefits
- Alimony and Child Support
- Non-taxable foster care payments
- Unemployment compensation (insurance)
- Earnings for work performed while an inmate at a penal institution
- Taxable scholarship or fellowship grants that are not reported on Form W- 2

Nontaxable earned income:

- Salary deferrals (for example: under a 401(k) plan)
- Military basic housing and subsistence allowances
- Meals or lodging provided by an employer for the convenience of the employer
- Housing allowance or rental value of a parsonage for the clergy
- Excludable dependent care benefits
- Salary reductions such as under a cafeteria plan
- Anything else of value you get from an employer for services you performed even if it is not taxable

21 IRS Publication 524
http://www.irs.gov/pub/irs-pdf/p524.pdf

Procedural Eligibility

To receive the federal EITC, eligible working families and individuals must file a federal income tax return and must fill out and attach Schedule EIC

• Workers raising a “qualifying child” in their home in 2015 must file either Form 1040 or 1040A and must fill out and attach Schedule EIC. Workers with children cannot get the EITC if they file Form 1040EZ or do not attach Schedule EIC. Married workers must file a joint return to get the EITC.

• Workers who were not raising a “qualifying child” in their home in 2014 may file any tax form — including the 1040EZ. These workers write “EIC” (or the dollar amount of their credit) on the Earned Income Credit line on the tax form. They do **not** file Schedule EIC.

• A correct name and Social Security number must be provided for every person listed on the tax return and Schedule EIC. If this information is incorrect or missing, the IRS will delay the refund.

• Workers don’t have to calculate their own EITC; if they choose, the IRS will do it for them.

Filing for Past Tax Refunds

Workers can file for tax credit refunds for the last past three years. For example, in 2013 a worker who was eligible for the EITC and CTC in 2008 but did not claim them can fill out a Form 1040X, “Amended U.S. Individual Income Tax Return,” and attach it to a copy of the 2008 tax return he or she filed that year. Workers claiming a child for the EITC also must fill out and attach Schedule EIC for 2008.

Generally, for a credit or refund, workers must file Form 1040X within 3 years (including extensions) after the date they filed the original return or 2 years after paying the tax, whichever is later. The time limit for filing Form 1040X can be suspended for certain people who are physically or mentally unable to manage their financial affairs.[22]

For more*, see* **Q& A: How to Claim Tax Credits for Back Years** [23]

Advocacy Tip: Here’s another thing you can do without much effort — ask clients if they have filed for EITC credit in the last three years. And then refer them to someone who can help.

• How to Help a Worker Who Filed a Tax Return but Didn’t Claim the EIC or CTC.[24]

Benefit Amount

The EITC Estimator[25]

The Earned Income Tax Credit Estimator gives workers a quick way to figure how much the EITC might be worth to an eligible family for work performed during the taxable year. Just type in annual earnings and the number of children the worker is raising. The estimator quickly shows the EITC amount.

Advocacy Point: Knowing how much to expect from the EITC can be a great motivator. Learning that folks are eligible to get a refund of several thousand dollars is enough to convince anyone of the value of filing a tax return to claim the EITC.

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[22] Pub. 556

[23] http://www.eitcoutreach.org/home/faq-factsheets/tax-filing-questions/how-to-claim-tax-credits-for-back-years/

[24] http://www.eitcoutreach.org/home/faq-factsheets/tax-filing-questions/how-to-help-a-worker-who-filed-a-tax-return-but-didnt-claim-the-eic-or-ctc/

[25] http://www.eitcoutreach.org/home/outreach-tools/the-eic-estimator/

Earned Income Credit and Child Tax Credit Comparison Chart 2015

	EITC	CTC
	• 1 child—up to $3,359 • 2 or more children—up to $5,548 • 3 or more children – up to $6,242 • Workers 25-64 w/no children—up to $503	• Up to $1,000 per child
Category Eligibility	**Qualifying Child** • Son, daughter, grandchild, stepchild or an adopted child • Brother, sister, stepbrother or stepsister (and their descendents) • Foster child placed with worker by a government or private agency	
Child's Residency	• Must live with worker in the U.S. for more than half the year.	• Must live with worker in the U.S. for more than half the year except if agreement permits non-custodial parent to claim the child as a dependent.
Child's Age	• Under age 19 • Under 24 if a full-time student • Any age if totally and permanently disabled.	• Under age 17
Dependency	• Not required - except for a married parent claim who separated from his or her spouse during the first half of the year	• Required only for the non-custodial parent exception noted above.
Immigration	• Worker, spouse and qualifying child must each have a valid SSN that permits them to work legally the U.S.	• Child must be a U.S. citizen or a resident alien; in SSN or ITIN for parents and children is required.
Financial Eligibility	**Sources of Earned Income** • Wages, salary, tips • Earnings from self-employment • Union strike benefits • Employer-paid disability • Military combat pay (tax filer can choose to count for EITC, must count for CTC)	
Income	• 1 child—under 39,131/$44,651* • 2 children—under 44,454/$49,974* • 3 or more —under 47,747/$53,267* • No children—under 14,820/20,330* * married	• Must earn more than $3,000.
Resources	• Investment income cannot exceed $3,400.	• No limit on investment income
Conduct Eligibility	**n/a**	**n/a**
Procedural Eligibility	• File Schedule EIC required for workers claiming children	• File Form 8812 "Additional Child Tax Credit"
Impact on Public Benefits	• Not considered income for SNAP, SSI, Medicaid, federal housing, foster care or adoption assistance. • Under 26 USC § 6409, counts as a resource only after 12 months for any program receiving federal money. • Rules regarding other benefit programs are state-determined.	• Not considered income for any federal, state, or local program financed in part by federal funds. • Under 26 USC § 6409, counts as a resource only after 12 months for any program receiving federal money.

Credit Impact on Public Benefits

Advocacy Tip: The rules on how credits affect financial eligibility are permanently changed by American Taxpayer Relief Act of 2012.

The American Taxpayer Relief Act of 2012 (Pub.L. 112–240, H.R. 8, 126 Stat. 2313) excludes federal tax refunds as income and resources for a period of 12 months after receipt for all federal means-tested programs.

Internal Revenue Code § 6409 permanently disregards any federal tax refund payments from consideration in the administration of any federally-funded or partially federally-funded program. It provides:

> Any federal tax refund (including, but not limited to, over-withheld income tax, EITC, CTC, or other tax credits) must be excluded as income in determining eligibility or the amount of benefits for any federally-funded or partially federally-funded public benefit program.
>
> Tax refunds or credits that are saved will not count against resource limits for 12 calendar months after the refund is received (for both applicants and recipients) for purposes of determining eligibility or the amount of benefits under any federally-funded or partially federally-funded public benefit program.

This amendment applies to tax refund or credit amounts received after December 31, 2012.

The American Taxpayer Relief Act of 2012 also temporarily increases the maximum credit receivable, amount for three or more qualifying children, and the beginning point of the phase-out range for the credit for all married couples filing a joint return. These changes are extended through the 2017 tax year.

California
California Departments of Health Care Services and Social Services exclude these payments in CalWORKs (TANF), CalFresh (SNAP) and Medi-Cal. ACL 13-46 (June 10, 2013)

Effective January 1, 2013, counties must exempt all EITC payments and federal income tax credit and refund payments, from resource consideration for CalWORKs applicants and recipients for 12 calendar months starting with the month of receipt of the payment.

Note: Resource limits are moot for some because most non-assistance CalFresh households have no resource limits. ACL 14-56 (August 22, 2014).

SSI
EITC and CTC refunds are excluded from resources for twelve months following the month the refund is received. The interest paid on EITC and CTC amounts held in savings also does not count as income in determining SSI eligibility.

POMS SI 01130.676 Federal Tax Refunds and Advanced Tax Credits Received On or After January 1, 2010
http://policy.ssa.gov/poms.nsf/lnx/0501130676

This POMS section compares the previous 9 month rule with the American Recovery and Reinvestment Act Extension 12 month rule.

Veterans' Benefits
If a veteran receiving a Veteran's Affairs means-tested benefit saved the EITC or CTC refund, the amount would count as a resource. However, because the resource limit for VA pension benefits is very high ($80,000, not counting a home and a motor vehicle), unless a veteran already has substantial resources near this limit it is unlikely that saving the EITC or CTC refund would affect eligibility for VA benefits.

Housing
HUD guidance specifically states that the EITC does not count as income for purposes of determining initial income eligibility for HUD Rental Assistance programs and is not counted for purposes of determining tenant rent payments. 24 CFR 5.609(c)(17); **Updated List of Federally Mandated Exclusions From Income:** (xiii) EITC refund payments received on or after January 1, 1991 (26 U.S.C. 32(l))[26]

Public charge
The EITC and CTC do not create public charge problems for immigrant workers. Receiving tax credits is not considered an indication that immigrants are unable to support themselves financially.[27]

In general, information on a tax return is confidential. The IRS cannot share individual tax return information with other government agencies, including the USCIS. There are exceptions in cases involving federal criminal or terrorism investigations or when the IRS thinks someone is breaking a tax law.

[26] **Federal Register** /Vol. 77, No. 142 /Tuesday, July 24, 2012 /Notices http://www.gpo.gov/fdsys/pkg/FR-2012-07-24/pdf/2012-18056.pdf

27 See generally USCIS Public Charge Fact Sheet http://www.uscis.gov/news/fact-sheets/public-charge-fact-sheet

Warning:
RALs, RACs and other Rip-offs

Targeted at EITC recipients, r*efund anticipation loans* (RALs) drain billions from low income consumer pockets. About 9 million consumers paid nearly $1 billion in RAL and associated fees in 2006. Nearly two thirds (5.7 million) of these consumers received the EITC. In 2009, 64% of RAL customers were EITC recipients.[28]

Example:
From the EITC refund amount, here's what the consumer receives: the refund minus the loan fee, the add-on fees, and the tax preparation fee (averaging $165). For the typical refund of about $2,600, the total amount of the two or three fees could be from $221 to $313, or some cases nearly $500, leaving about $2100 to $2300.

Marketed often as "instant" or "rapid" refunds, RALs are one to two week loans brokered by tax preparers that advance expected tax refunds. Instead of waiting to receive refunds, RAL customers borrow against part or all of their expected tax refund.

Advocacy Point: Keep in mind that consumers who use electronic filing and have a bank account into which the refund can be direct deposited will usually receive a refund in 8 to 15 days. IRS *e-file* Refund Cycle Chart [29] projects when a refund will be direct deposited or mailed based on when the IRS accepts the return.

Taxpayers without a bank account can get a fast refund by e-filing and having their refund deposited to a prepaid card, including any existing payroll or prepaid card that the taxpayer already has.

Information Point: Here's a great brochure about the risks and costs of tax refund anticipation loans from the National Consumer Law Center that you can distribute to clients.[30]

In essence, RALs are short-term bank loans secured by tax refunds. The loans have exorbitant interest rates — from 50% to 500% — usually accompanied by additional charges. They expose taxpayers to the risks of unpaid debt if their refunds do not arrive as expected. RALs also may include the return preparation fee, enabling taxpayers to get services with no out-of-pocket expense. RALs siphon away taxpayer refunds and are highly profitable to preparers and banks.

In their 2011 annual report on the RAL industry, the National Consumer Law Center and Consumer Federation of America report that RALs are on their way out because no banks will be making RALs in 2012.[31] However, nonbank payday lenders appear to be entering the RAL market.[32]

They also report that beside RAL fees, consumers in 2009 paid another estimated $58 million in add-on fees, such "application," "administrative," "e-filing," "service bureau," "transmission," or "processing" fees. These fees range from $10 to as high as $300.

The next few years will likely see variations on the traditional RAL including return-linked prepaid cards with unfavorable terms and other

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[28] Holt, "Ten Years of the EITC Movement: Making Work Pay Then and Now" (April 18, 2011) http://www.brookings.edu/papers/2011/0418_eitc_holt.aspx

[29] http://www.irs.gov/pub/irs-pdf/p2043.pdf

[30] Don't Pay to Borrow Your Own Money: The risks and costs of Tax Refund Anticipation Loans http://www.nclc.org/images/pdf/older_consumers/ralbrochure.pdf

[31] Wu and Fox "End Of The Rapid Rip-Off: An Epilogue For Quickie Tax Loans - The NCLC/CFA 2011 Refund Anticipation Loan Report" (February 2011)

[32] Press Release: One Last Bite: Final Year for Bank Tax Refund Anticipation Loans, Jan. 17, 2012 http://www.nclc.org/images/pdf/pr-reports/ral-pr-2012.pdf

wealth-stripping products. An emerging concern is the high use of *refund anticipation checks* or RACs among taxpayers preparing their own returns. RACs are lower-cost, non-loan products that are essentially one-use bank accounts into which the IRS deposits the refund; the preparer draws down preparation, filing, and RAC fees and then provides the balance to taxpayers in a paper check, prepaid debit card, or direct deposit transfer. The number of taxpayers receiving RACs has increased to an estimated 14.6 million taxpayers in 2010, up from the 12.9 million in 2009.

Information Point: National Consumer Law Center does an excellent job in explaining RALs, RACs and other additional fee rip-offs and describing their devastating impact on the low income community. NCLC also has played a part in closing the nation-wide RAL industry down. Their web site contains useful reports and press releases.[33]

IT'S A WILD WORLD: Consumers at Risk from Tax-Time Financial Products and Unregulated Preparers updates tax time shenanigans at the beginning of 2014.

Fringe Preparers

Fringe preparers include businesses associated with exploiting consumers, including payday loan stores, check cashers, and used car dealers. Some retailers such as jewelry and furniture stores are also fringe tax preparers. In immigrant communities, businesses that offer travel services, notario services, and quickie divorces also offer tax preparation of varying quality.

One of the biggest problems with fringe preparers is the questionable quality of tax preparation. This may include filing tax returns without proper forms and even advising tax fraud.

Fringe preparers also aggressively promote RALs and RACs. While commercial chains have made efforts to improve their disclosures that RALs are loans, fringe preparers sometimes don't even bother trying. Some fringe preparers give their businesses names that deceptively promote "fast refunds," such as 'AA Next Day Tax Cash', 'ASAP Rapid Refund Tax Service', 'Instant Refund', 'Quick Refunds', 'Rapid Tax Refund' and 'Super Fast Express Refunds.'

California RAL Statute

California is one of the few states that have registration requirements for paid tax preparers. The IRS has a handful of rules governing providers of electronic filing, but they mostly do not address competency.

California Business & Professions Code § 22251 *et seq.* [34]

The RAL statute is part of the chapter requiring tax preparer registration.

• **Exemptions**

Attorneys, CPAs, enrolled agents, financial institutions

• **Licensing or registration requirements**:

None, but California requests tax preparers to be registered and bonded.

• **Disclosures**

Posting Tax preparers who make RALs must display a schedule of current RAL fees, electronic filing fees, "dummy" account fees, and other related RAL fees. Posting must state that the consumer may have the return filed electronically without a RAL. Postings must be in 28 point type on a 16 inch by 20 inch document displayed in a prominent location.

[33] http://www.nclc.org/issues/refund-anticipation-loans.html

[34] http://law.onecle.com/california/business/22250.html; summarized in National Consumer Law Center, Model Refund Anticipation Loan Act (December 2008) Appendix A Http://Www.Nclc.Org/Images/Pdf/High_Cost_Small_Loans/Ral/Model-Refund-Anticipation-Loan-Act.Pdf

Written disclosures.
Before completing the application, the preparer must disclose:

(1) the RAL loan fee schedule (2) that a RAL is a loan and not the actual refund; (3) that the consumer may have the return filed electronically without a RAL; (4) the estimated time in which the consumer could expect to receive the refund with electronic filing and direct deposit/mail or with paper filing and direct deposit/mail; (5) that the IRS does not guarantee the amount or time of the payment of a refund; (6) that the consumer is responsible for repayment of the loan in the event the refund is not paid or is not paid in full; (7) the estimated time when the consumer will receive the loan proceeds; and (8) the fee if the RAL is not approved.

Before loan is consummated, the preparer must disclose: (1) the estimated total RAL fees; (2) the estimated APR under the Truth in Lending Act; (3) a comparison of the costs of receiving a refund directly from IRS, with a RAL, with a RAL, and with any other tax financial product.

There is no mandatory type size or language for the written disclosures.

• **Advertising.** Any advertisement that mentions a RAL must state conspicuously that it is a loan, that a fee or interest will be charged, and the name of the lending institution.

• **Prohibited Acts**:
(1) Representing the loan as a client's actual refund;

(2) requiring the consumer to obtain a RAL to complete tax preparation;

(3) misrepresenting a material factor or condition of the RAL;

(4) failing to process the RAL application promptly; or

(5) engaging in fraud in connection with a RAL.

• **Civil/Criminal Penalties**:
Violation is a misdemeanor punishable by $1,000 fine or 1 year in jail.

• **Private Right of Action:** Yes. "Any person" may seek injunctive relief or $1,000 civil penalty plus attorney's fees. (Violation might also constitute violation of Cal. Bus & Prof. Code § 17200.)

Other Provisions The RAL contract must be translated into Spanish, Chinese, Tagalog, Vietnamese, or Korean if the RAL was negotiated in that language.

Litigation

People v. JTH Tax, Inc., 212 Cal.App.4th 1219, 151 Cal. Rptr. 3d 728 (2013)

AG sued JTH, dba as Liberty Tax Service for violating truth in lending (TILA), unfair competition, consumer protection, and false advertising laws.

Liberty provides tax preparation and related loan services (refund anticipation loans and "electronic refund checks"), with 195 franchised stores in California, and two company-owned stores.

The court found that Liberty's ERC fees were a form of credit allowing delayed payment for tax preparation services and its failure to disclose finance charges violated TILA, the UCL and FAL. Among other things, Liberty was enjoined from representing a RAL as an actual refund and failing to state conspicuously that the product is a loan and including the lending institution's name and the fee or interest it will charge.[35]

Liberty was held vicariously liable for its franchisees' advertising resulting in an award of $1.169 million in civil penalties and $135,000 in restitution.

35 http://www.leagle.com/decision/In%20CACO%2020130117021.xml; http://tushnet.blogspot.com/2013/01/calculation-of-remedies-and-vicarious.html

Client Communities Least Likely to File

• Workers with Disabilities & Families Raising Children with Disabilities
Individuals who receive disability benefits may qualify for the EITC and the CTC refund if they, or their spouse, also have earned income.

Most disability-related benefits, such as Social Security Disability Insurance, SSI, military disability pensions, and payments from individually-purchased disability insurance policies are not counted as earned income.

However, special rules do make it possible for people receiving Social Security disability benefits or Supplemental Security Income (SSI) to work (have earned income) and still receive monthly benefit payments. These folks would qualify for tax credits.

Information Point: For a general reference source about the employment-related provisions of Social Security Disability Insurance and the Supplemental Security Income Programs, consult The Red Book - A Guide to Work Incentives [36]

Working While Disabled—How We Can Help[37] is a straightforward client education piece.

Workers may claim a person with total and permanent disabilities of any age as a "qualifying child" for the EITC if that person otherwise meets the qualifying child rules. For example, parents may claim their adult children if they have such disabilities. Also, persons who are caring for relatives with such disabilities who meet the other rules for a "qualifying child" may be able to claim them for the EITC.

Information Point: The EIC Can Help Workers with Disabilities and Families Raising Children With Disabilities[38]

• Domestic Violence Survivors
National Women's Law Center has created a checklist to describing the issues domestic violence survivors might face and shares resources for free tax preparation, representation, and advice.

A webinar also explains how federal and state tax credits can help survivors of domestic violence, offering resources that can help survivors and advocates.

The slides may be downloaded here.
Tax Issues for Domestic Violence Survivors: What Advocates Need to Know[39]

• Foster Parents
Claiming EITC and CTC may be especially beneficial for eligible foster parents:

- Households with foster children are more likely than other households with children to receive cash public assistance (i.e., TANF and SSI), and about equally likely to receive food stamps.

- 80% of households with foster children include at least one person who worked either full time (56%) or part time (24%).

- A larger share (27%) of households with foster children earns less than $30,000

[36] http://www.ssa.gov/redbook/

[37] http://www.ssa.gov/pubs/10095.html

[38] http://www.eitcoutreach.org/home/outreach-strategies/strategies-for-communities/workers-with-disabilities-and-families-raising-children-with-disabilities/fact-sheet-on-the-tax-credits-and-people-with-disabilities/

[39] http://www.nwlc.org/resource/tax-issues-domestic-violence-survivors-what-advocates-need-know ; http://eitcoutreach.org/home/outreach-strategies/strategies-for-communities/domestic-violence-survivors/

compared to other households with children (24%).

• About 15% of households with foster children include a householder or spouse with a disability compared to 7% of all households with children.

Information Point: The Earned Income Credit (EIC) and Child Tax Credit (CTC) Can Help Workers Who Are Foster Parents[40]

• **Grandparents Raising Grandchildren**
About 2.6 million grandparents are responsible for most of the basic needs (i.e., food, shelter, and clothing) of one or more grandchildren living with them.

More than *half* of these grandparents are still in the labor force and may qualify for the EITC and CTC. In 2009, half a million grandparents were raising one or more grandchildren with no parent present and may qualify for the EITC. Another one million grandparents were the primary earner in a family with both a child and grandchild and may qualify for the EITC.

• 19% of grandparents raising grandchildren earn an income that is below the poverty level.

• In grandparent-caregiver households where the parent of the grandchild is absent, the median income is $34,782, which is within the income limits to qualify for the EITC.

• 23% of the grandparents who are responsible for caring for their grandchildren speak a language other than English at home.

Information Point: The Earned Income Credit and Child Tax Credit Can Help Workers Who Are Grandparents Raising Grandchildren[41]

• **Low Income Workers without Children**
Very low-income workers who are not raising children in their home are eligible for a small Earned Income Tax Credit. Even workers whose earnings are too small to have paid federal income tax can get the credit.

EITC provides a financial boost to those who work at very low wages or are only able to find part-time work. This includes many day laborers, migrant workers, temporary employees, people who are homeless and general assistance recipients who worked part of the year.

This may be a difficult group to reach:

• For some, the EITC may seem too small to make filing a tax return worthwhile.

• Some may fear entering the tax system either because they haven't filed taxes in a long time or because they owe child support.

• Very low-income workers may be skeptical of information about programs from government agencies such as the IRS.

Advocacy Tip: Outreach materials should contain the name and number of a contact organization that is trusted by low income workers in your community. Not Living With Children? You May Qualify for the EIC[42]

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[40] http://eitcoutreach.org/home/outreach-strategies/strategies-for-communities/foster-parents-grandparents-raising-grandchildren-and-other-relative-caregivers-3/foster-parents-grandparents-raising-grandchildren-and-other-relative-caregivers/

[41] http://eitcoutreach.org/home/outreach-strategies/strategies-for-communities/foster-parents-grandparents-raising-grandchildren-and-other-relative-caregivers-3/foster-parents-grandparents-raising-grandchildren-and-other-relative-caregivers/

[42] http://eitcoutreach.org/wp-content/uploads/Workers-Not-Living-With-Children-2014.pdf

• Native Americans
Building Native Communities: A Tribal Leader's Guide to Launching an Earned Income Tax Credit Campaign (2005).[43] by First Nations Oweesta Corporation (FNOC) is designed to help tribal leaders conduct tax credit outreach. This guide includes many resources including an overview of the EITC and how Native families and communities can benefit from claiming it and a list of ten things tribal leaders can do to promote the EITC.

• Veterans
Many veterans are either unemployed or underemployed. They may be forced to settle for part-time jobs or sporadic employment that may not pay enough to meet their basic needs. Employers may fail to adequately translate the military skills and experiences of recently separated service members into qualifications for civilian jobs. Reservists returning from combat often are not promptly reemployed, or do not receive the pay, pensions, health care coverage, and other benefits to which they are entitled.

Tax credit information and free filing information are often missing from transitional veteran's services. No longer with access to the free tax assistance offered at military posts, lack of information about tax credits and free tax preparation assistance programs can lead veterans to pay costly commercial preparer fees and can make them targets for more expensive refund anticipation loans and tax scams.

[43] http://www.oweesta.org/our_publications

Information Point: Tax Credit Outreach to Military Veterans [44]

• Individuals Released From Prison or Workers with a Relative in Prison
People with criminal records often have extremely low resources. They work at low-wage or intermittent employment, making it difficult to achieve financial stability. The EITC and CTC can provide additional support for eligible former prisoners improving their ability to obtain long-term employment and reduce the risk of recidivism.

Individuals cannot receive the EICT or the CTC based on their earnings in prison. However, if individuals work and earn income during the same year that they enter prison, they may qualify to claim these tax credits.

In addition, the *Work Opportunity Tax Credit (WOTC)* encourages employers to hire individuals recently released from prison. WOTC can reduce employers' federal income tax liability by as much as $2,400 for every qualified new worker hired from one of nine categories, including former prisoners. New employees must be hired within one year of the last date on which they are released from prison.[45]

Information Point:
• Fact Sheets and flyers[46]
• IRS Educational Materials[47]

[44] http://eitcoutreach.org/home/outreach-strategies/strategies-for-communities/military-personnel-returning-veterans-and-their-families/

[45] http://www.doleta.gov/business/incentives/opptax/eligible.cfm

[46] http://eitcoutreach.org/home/outreach-strategies/strategies-for-communities/individuals-released-from-prison-or-workers-with-a-relative-in-prison/

Free Tax Preparation

Low-income taxpayers have a number of options for free tax preparation.

VITA (Volunteer Income Tax Assistance)

The VITA Program generally offers free tax help to people who make $50,000 or less and need assistance in preparing their own tax returns. IRS-certified volunteers provide free basic income tax return preparation to qualified individuals in local communities. They can inform taxpayers about special tax credits for which they may qualify such as Earned Income Tax Credit, Child Tax Credit, and Credit for the Elderly or the Disabled. VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls and other convenient locations. Most locations also offer free electronic filing.
http://irs.treasury.gov/freetaxprep/; 1-800-906-9887

TCE (Tax Counseling for the Elderly)

The TCE Program offers free tax help for all with priority assistance to people who are 60 years of age and older, specializing in questions about pensions and retirement issues unique to seniors. IRS-certified volunteers who provide tax counseling are often retired individuals associated with non-profit organizations that receive grants from the IRS.
http://www.aarp.org/applications/VMISLocator/searchTaxAideLocations.action; 1-888-227-7669

Facilitated Self-Assistance

In addition to traditional face-to-face tax preparation, the IRS is launching a self-assistance service at select locations. If individuals have a simple tax return and need a little help or do not have access to a computer, they can visit one of the participating tax preparation sites and an IRS-certified volunteer will guide them through the process.
http://www.irs.gov/individuals/article/0,,id=107626,00.html

Free File

Free File provides brand-name software or online Fillable Forms. Everyone can use IRS Free File. If adjusted gross income was $60,000 or less in 2014, taxpayers may use brand-name software to do taxes for free. Participating software companies make their products available through the IRS. Some also support state tax returns.

Anyone may use IRS forms for free.
http://www.irs.gov/efile/article/0,,id=118986,00.htmlhttp://freefile.irs.gov/index.html

I-CAN!

Free e-file site where federal as well as certain State returns may be filed including California for a nominal fee. Legal Aid Society of Orange County has partnered with TaxACT. Also available in Vietnamese.
http://www.icanefile.org/

The Armed Forces Tax Council

The Armed Forces Tax Council provides free tax assistance to service members at military Volunteer Income Tax Assistance (VITA) sites. Current service members, their spouses, and retired military personnel are eligible for these sites. While there is no central list of all military VITA sites, all Navy VITA sites are listed here.[48] Military VITA sites usually will prepare taxes for service members from other branches
http://irs.treasury.gov/freetaxprep/; 1-800-906-9887

California

Franchise Tax Board lists e-filing options to file in California.
https://www.ftb.ca.gov/individuals/efile/allsoftware.shtml

VITA and TCE volunteers in California are trained to file California returns as well as federal returns.

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[47] http://www.irs.gov/Individuals/Prisoner-Re-entry-Program

[48] www.jag.navy.mil/organization/documents/tax/VITA_Sites.pdf

Resources

Internal Revenue Service

EITC Home Page

- Do You Qualify for EITC?
- Need Help Preparing Your Return?
- Find information on EITC and other Public Benefits and Other Child-Related Tax Benefits
- Other Resources and Tips for Claiming EITC
- Resources and Tips if You Receive a Notice from IRS or are Audited
- IRS Reports on EITC
- Missing Children Link

http://www.irs.gov/individuals/article/0,,id=96406,00.html

EITC Marketing and Communication Tools

EITC Central has the latest news on EITC. Plus, fact sheets, statistics, marketing tools, ready-made information flyers and posters, customizable products, templates, links to other helpful resources.

EITC Central has specialized sections designed for partners, preparers, and press and EITC Marketing Express where people customize flyers and posters with name, logo, phone number, hours of service and web address.

Access brochures, payroll stuffers, newsletter articles, marketing ideas and more to help communicate EITC information to employees, clients and customers.
http://www.eitc.irs.gov/central/main/

The EITC Assistant

The EITC Assistant helps calculate if a worker is eligible for the EITC and the amount in English and en Español for tax years 2012, 2011 and 2010.
http://www.irs.gov/Individuals/Earned-Income-Tax-Credit-(EITC)-%E2%80%93--Use-the-EITC-Assistant-to-Find-Out-if-You-Should-Claim-it.

IRS *e-file* Refund Cycle Chart

Based on when the IRS accepted the return, this chart projects the date the refund will be direct deposited or mailed. This date is based on normal processing and assumes the return does not require further review. If the return does require review and additional information is needed, the taxpayer will receive a notice. For the most up-to-date information on refunds, go to *www.irs.gov* and click on *Where's My Refund?* to check on any changes to the projected date shown below.
http://apps.irs.gov/app/vita/content/globalmedia/irs_efile_refund_cycle_chart_4012.pdf

Low-Income Taxpayer Clinics (LITC)

The Low Income Taxpayer Clinic program serves individuals who have a problem with the Internal Revenue Service and whose income is below a certain level. LITCs are independent from the IRS. Most LITCs can provide representation before the IRS or in court on audits, tax collection disputes, and other issues for free or for a small fee. If an individual's native language is not English, some clinics can provide multilingual information about taxpayer rights and responsibilities.

LITCs generally do not provide tax preparation services but refer clients to free tax preparation resources described above. :
http://www.irs.gov/advocate/article/0,,id=106991,00.html; http://www.irs.gov/pub/irs-pdf/p4134.pdf

The Taxpayer Advocate Service (TAS)

TAS is an independent organization within the IRS. TAS helps taxpayers who are experiencing economic harm, such as not being able to provide necessities like housing, transportation, or food; taxpayers who are seeking help in resolving problems with the IRS; and those who believe an IRS system or procedure is not working as it should. Go here to read the ten things every taxpayer should know about TAS.
http://www.taxpayeradvocate.irs.gov/Individuals/Get-Tax-Help

Center on Budget and Policy Priorities, "Money Talks! Have You Heard?" Community Outreach Kit

This Kit provides a guide to outreach strategy on the EITC and Child Tax Credit, fact sheets and outreach tools such as flyers, posters and envelope stuffers to organizations planning to conduct community outreach efforts on tax credits for low- and moderate-income workers. The Kit is updated each year and distributed to over 15,000 organizations.

A free hard-copy of the Kit will be mailed to any organization which requests it. Requests for the Kit can be made at the website, which also provides translations of an outreach flyer in 19 languages other than English and Spanish. **www.eitcoutreach.org.**

The National EITC Outreach Partnership

The National EITC Outreach Partnership formed during 2011 by national organizations, including federal government agencies that consider it important to promote Earned Income Tax Credit (EITC) outreach, free tax preparation alternatives, and asset development strategies.

The state links in this section are descriptions of local EITC coalitions that provide outreach and free tax preparation. These are coalitions in existence as of August 2011 and will be updated semi-annually.
http://www.cbpp.org/eitc-partnership/directory.htm

Tax Credits for Working Families
State EITC On-Line Resource Center

Provides ready access to research, resources and updated information about state Earned Income Tax Credits and efforts to enact the credit in particular states. It features a "50 State Resource Map," providing a quick status report on each state's EITC or efforts to enact one, as well as a state contact for more information.
http://www.taxcreditsforworkingfamilies.org/?page_id=7680

Tax Credits for Working Families Blog

Tax Credits for Working Families blog is an online forum for advocates, policymakers, business leaders, researchers and journalists interested in key federal and state tax credits that support working families.
This is the best place to go to be updated on what's happening in Congress throughout the year.
http://www.taxcreditsforworkingfamilies.org/blog/

The EITC: Good for Our Families, Communities and Economy - 2012

While the EITC is best known for boosting working families' earnings and lifting about six million households from poverty every year, a new brief, "The Earned Income Tax Credit: Good for Our Families, Communities and Economy," discusses how the credit's values also extend to strengthening children's education outcomes, families' health outcomes, and local economic vitality.
http://www.taxcreditsforworkingfamilies.org/wp-content/uploads/2012/01/NCTC-EITC-paper_Jan2012.pdf

Brookings Institute
Interactive Tools

Display and download ZIP code-level tax return information for states, metro areas, counties, cities, and state legislative and congressional districts for tax years 1997 through 2010.
http://www.brookings.edu/metro/EITC/EITC-Homepage.aspx

Quick Links to Flyers & Resources

- **California Earned Income Tax Credit**

  From the Franchise Tax Board for Tax Year 2015

- **EIC Flyer**

  Your money, Now Claim it!
  - Basic information for EITC and CTC
  - Number to call for more information

  Download in 21 Languages

  http://eitcoutreach.org/category/outreach-tools

- **Tax Preparer Tool Kit**

  http://www.eitc.irs.gov/Tax-Preparer-Toolkit/main

  Why Pay When You Can Get Your Taxes Done for Free?
  - Reasons to Go to a VITA Site - 800-906-9887 (locations and hours)
  - Guidelines for Choosing a Tax Preparer
  - What to Bring with You

  http://eitcoutreach.org/home/tax-credit-information/tax-credit-informationbasicsgetting-started/free-tax-filing-assistance-through-vita/

  http://eitcoutreach.org/wp-content/uploads/2012/09/English-VITA-Check-List-2013.pdf
  http://eitcoutreach.org/wp-content/uploads/2012/09/Spanish-VITA-Check-List-2013.pdf

- **Claiming Credits for Past Years Flyer**

  Q& A: How to Claim Tax Credits for Back Years
  http://eitcoutreach.org/home/faq-factsheets/tax-filing-questions/how-to-claim-tax-credits-for-back-years/

- **More stuffers, brochures and posters from the IRS**

  http://www.eitc.irs.gov/Partner-Toolkit/main

- **EITC Coalitions**

  Find the local EITC coalitions that provide outreach and free tax preparation in your area. These are coalitions in existence as of August 2011 and will be updated semi-annually.
  http://www.cbpp.org/eitc-partnership/directory.htm

- **It's Your Money, Now Claim it!**

  Kit is available on line and in hard copy.
  www.eitcoutreach.org

- **Internal Revenue Service - EITC Home Page**

  http://www.irs.gov/individuals/article/0,,id=96406,00.html

- **The EITC Assistant**

  The EITC Assistant helps calculate if a worker is eligible for the EITC and the amount in English and en Español for tax years 2013, 2012, 2011