

Federal Tax Credits and Free Tax Filing for Child Care and Head Start Staff and Parents



How the IRS Volunteer Income Tax Assistance (VITA) program can help workers get the most out of their paychecks!

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Earned Income Tax Credit (EITC)

EITC is a refundable federal income tax credit for low to moderate income working individuals and families.

- ❑ In 2010, Louisiana filed 1.7M returns of which 1.2 were EITC eligible earning under \$50,000.
- ❑ In Louisiana in 2010, over 536,800 EITC returns were filed for over 1.3 billion in federal refunds (average of \$2,566 per return)
- ❑ Is one of the largest antipoverty programs
- ❑ Four of five people eligible for the credit claim it

How Much Could Workers Earn and Qualify for the EITC in 2011?

For Tax Year 2011:

Number of children:	Income less than:	EITC up to:
1 child	\$36,052 (\$41,132 MFJ)	\$3,094
2 or more children	\$40,964 (\$46,044 MFJ)	\$5,112
3 or more children	\$43,998 (\$49,078 MFJ)	\$5,751
No children	\$13,660 (\$18,740 MFJ)	\$464

Other Federal Tax Credits

- ❑ Child Tax Credit – up to \$1,000 per qualifying child
- ❑ Additional Child Tax Credit – for certain individuals who get less than the full amount of the child tax credit
- ❑ Child and Dependent Care Credit – for expenses you paid to care for your qualifying child so you could work.
- ❑ American Opportunity Credit – for expenses you paid for the first four years of post-secondary education.

The High Cost of using a Paid Tax Preparer

When it's time to file a tax return, many workers seek help from a commercial tax preparer.

- ❑ 58% of taxpayers in Louisiana used a commercial tax preparers in 2009.
- ❑ Average cost to prepare a return claiming EITC is \$160
- ❑ Additional fees may apply for other credits or services

Alternatives to using a Paid Tax Preparer

- ❑ Refer providers and parents to existing VITA and AARP Tax Aide sites (draft of 2012 Louisiana sites in handouts)
 - ❑ Nationwide listing of VITA sites is available on the IRS Web site <http://www.irs.gov/individuals/article/0,,id=219171,00.html>
 - ❑ VITA site locator number at 1-800-906-9887.
 - ❑ To locate the nearest AARP Tax-Aide site, call 1-888-227-7669 or use the [Tax-Aide Locator](#) on AARP's Internet site

- ❑ Encourage providers and parents to use the Free Electronic Filing options available only on the IRS Website using brand name software or on line fillable forms
 - ❑ Only available through IRS website - <http://www.irs.gov/efile/article/0,,id=118986,00.html>

Other Resources Available to Promote EITC and Free Tax Assistance

- EITC Home Page for EITC Information and Products
<http://www.irs.gov/individuals/article/0,,id=96406,00.html>
- Become an IRS partner and visit the IRS Partner Resource Center to meet individual taxpayers' needs for tax education and assistance
<http://www.irs.gov/individuals/article/0,,id=119374,00.html>
- Become an IRS partner or volunteer at a VITA site by sending an e-mail to partner@irs.gov

Other Outreach Opportunities

- ❑ EITC Stuffer to Staff – End of Year Paycheck or W2s
- ❑ Include VITA Site Information in Parent Newsletters
- ❑ EITC Awareness Day – January 27, 2012
- ❑ Invite IRS Representative or Local VITA Partner to Parent Meetings or In-Service Trainings

Materials Available

- EITC Central
<http://www.eitc.irs.gov/ptoolkit/main/>
- Social Networking
- Links For Your Website
- Post Information - Bulletin Boards



Other Methods for Providing Tax Service

- Rural Areas:
 - Remote File
 - SKYPE
- FAST (Free Assisted Self Service Tax Preparation) or Kiosk

Benefits of VITA Program

- Link to Asset Development
 - Financial Education Classes
 - Individual Development Accounts
- US Savings Bonds
- Direct Deposit
- Debit Cards
- Split Refunds
- Balance Due Counseling

Questions?

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