



Earned Income Tax Credit

Get it ... You Earned it!



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Course Objectives

Upon completion of this training:

- ✔ learners will be able to define and describe the EITC program,
- ✔ successfully distinguish those in the community that qualify to access the funds available from the federal government, and
- ✔ also identify potential volunteers to participate in the VITA program.



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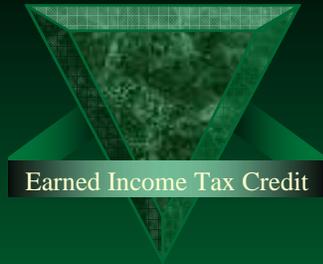
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- ✔ Last year the Genesee County Tax Assistance and Financial Services Coalition's efforts brought in \$432,393 in EITC funds
- ✔ An increase of \$325,000 from 2003.



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Over
\$3,000,000

still

went unclaimed



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This training will empower you with definition of the program, who qualifies for it and information on how to help bring dollars back into our community.





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Vocabulary

- ✔ **EITC** – Earned Income Tax Credit
- ✔ **VITA** – Volunteer Income Tax Assistance site
- ✔ **IRS** – Internal Revenue Service, Department of Treasury
- ✔ **SSI** – Social Security Income
- ✔ **TANF** – Temporary Assistance for Needy Families
- ✔ **AARP**-- Association of Retired Persons
- ✔ **TCE** -- Tax Counseling for the Elderly



What is the EITC?

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The **Earned Income Tax Credit (EITC)** sometimes called the **Earned Income Credit (EIC)**, is a **refundable federal income tax credit for low-income working individuals and families.**



What is the EITC?

Congress originally approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide *an incentive to work*. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit.

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What is the EITC?

The average tax refund is
\$1,200
per household.

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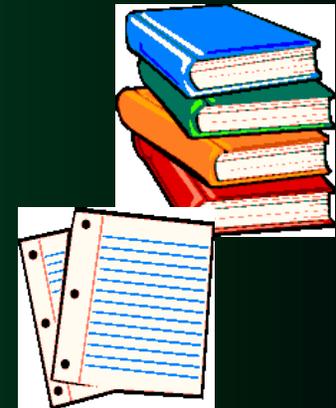
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To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to be obligated to file a tax return. *See qualifications.*





What is the EITC? *continued*

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The EITC has no effect on certain welfare benefits. In most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Security Income (SSI), food stamps, low-income housing or most Temporary Assistance for Needy Families (TANF) payments.



Exercise ... did you get it?

Question # 1

The Department of Human Services approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide *an incentive to work*.



True



False

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Correct Answer # 1



False.

It was Congress the originally approved the tax legislation.



Exercise ... did you get it?

Question # 2

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The EITC has no effect on certain welfare benefits.



True



False



Exercise ... did you get it?

Correct Answer # 2

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True

In most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Security Income (SSI), food stamps, low-income housing or most Temporary Assistance for Needy Families (TANF) payments.





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- ✔ There have been important EITC changes for the 2005 tax season.
- ✔ The maximum amount of income you can earn and still get the credit has increased.



Qualifications

The credit is available if:

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You have **more than one** qualifying child and your earned income was less than \$35,263 (\$37,263 if married filing jointly),





Qualifications

The credit is available if:

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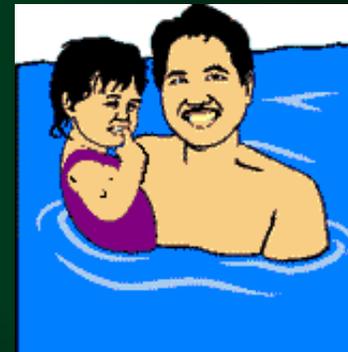
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You have **one** qualifying child and your earned income was less than \$31,030 (\$33,030 if married filing jointly), or





Qualifications

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You do not have a **qualifying child** and your earned income was less than \$11,750 (\$13,750 if married filing jointly).





Exercise ... did you get it?

Question # 3

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To claim the EITC you must have children.



True



False



Exercise ... did you get it?

Correct Answer # 3

False

If you do not have a qualifying child and your earned income was less than \$11,750 (\$13,750 if married filing jointly), you may still be eligibility to receive the EITC.



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Exercise ... did you get it?

Question # 4

A single mother, of three, whose income is \$36,357, applies for EITC. She has never been married. Does she qualify?



Yes



No

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Exercise ... did you get it?

Correct Answer # 4

No

She does have more than one qualifying child, but her income is more than the \$35,263. If she was married and filing jointly, their combined income could be as high as \$37,263 to receive the credit.

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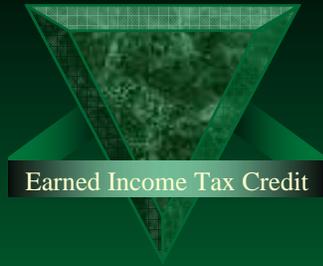
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The EITC is a credit for certain people who work. You (and your spouse, if you are filing a joint return) and any qualifying children listed on Schedule EIC need valid social security numbers.



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- ✔ Any tax preparation professional can complete the Schedule EIC form along with the 1040 or 1040A. The Schedule EIC form is the form needed to claim the Earned Income Tax Credit.
- ✔ Some tax preparation professionals do not handle low-to-moderate income workers with proper care.



How to apply?

In Genesee County, any resident that meets the qualifications, listed above, can have the federal and state tax returns electronically filed at any VITA or AARP site.

The service is free

at any of the VITA or AARP sites in Genesee County for those that qualify.

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Exercise ... did you get it?

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Everyone can apply for the EITC?



True



False



Exercise ... did you get it?

Correct Answer # 5

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False

Only **workers** that make under \$37,263 qualify to receive the credit.



Exercise ... did you get it?

Question # 6

There is no charge for electronic filing at the VITA and AARP sites.

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True



False



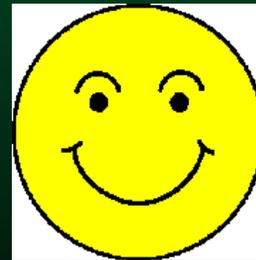


Exercise ... did you get it?

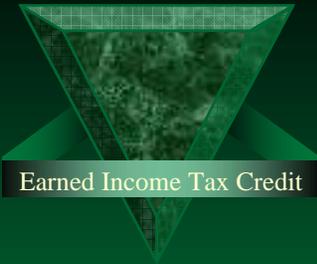
Correct Answer # 6

True

The *service is free*, at any of the VITA or AARP sites in Genesee County for those that qualify.



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Items you need to bring to the VITA/TCE Sites to have your tax returns prepared

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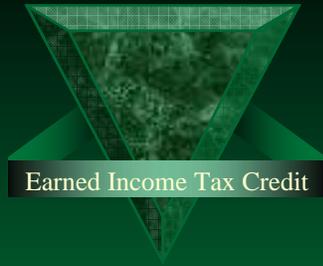
- ✔ Must bring photo identification
- ✔ Social Security Cards for you, your spouse and dependents
- ✔ Birth Dates for primary, secondary and dependents on the tax return
- ✔ Current year's tax package if you received one
- ✔ Wage and earning statement (s) Form W-2, W-2G, 1099-R, from all employers
- ✔ Interest and dividend statements from banks (Forms 1099)



Items you need to bring to the VITA/TCE Sites to have your tax returns prepared

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- ✔ A copy of last year's Federal and State returns *if available*
- ✔ Bank Routing Numbers and Account Numbers for Direct Deposit
- ✔ Other relevant information about income and expenses
 - Total Paid for Day Care
 - Day Care providers Identifying number
- ✔ To file taxes electronically on a married filing joint tax return, both spouses must be present to sign the required forms.



Items you need to bring to the VITA/TCE Sites to have your tax returns prepared

It is extremely important that each person use the correct Social Security Number (SSN). The most accurate information is usually located on your original social security card.

Each year hundreds of thousands of returns are delayed in processing or credit/deductions are disallowed because names and Social Security Numbers do not match Social Security Administration records.



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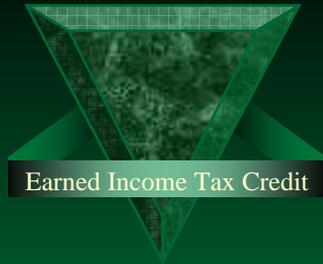
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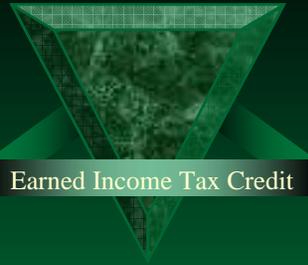
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If you do not have a Social Security Number for you or a dependent you should complete [Form SS-5](#), Social Security Number Application.

Also, if you are in the county illegally you should complete W-7 Form, application for an Individual Taxpayer Identification Number, also available in Spanish.

Bilingual volunteers are available.



Exercise ... did you get it?

Question # 7

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Original birth certificates are required for taxes to be prepared.



True



False





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Correct Answer # 7



False.

Correct birth dates
and social
security numbers
are sufficient.



Exercise ... did you get it?

Question # 8

You must have routing numbers and account numbers from a financial institution for a direct deposit.

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True



False



Exercise ... did you get it?

Correct Answer # 8

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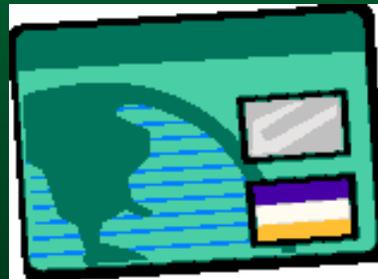
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False.

There are other options:

A paper return or

A direct benefit card (similar to a debit card)



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The VITA Program offers free tax help to low- to moderate-income (\$37,000 and below) people who cannot prepare their own tax returns. Volunteers sponsored by various organizations receive training to help prepare basic tax returns in communities across the country.



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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. To locate the nearest VITA site, call 1-800-829-1040.



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The Tax Counseling for the Elderly (TCE) Program provides free tax help to people age 60 and older. Trained volunteers from non-profit organizations provide free tax counseling and basic income tax return preparation for senior citizens.



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Volunteering

Volunteers who provide tax counseling are often retired individuals associated with non-profit organizations that receive grants from the IRS.

As part of the IRS-sponsored TCE Program, **AARP** offers the Tax-Aide counseling program at more than 9,000 sites nationwide during the filing season.



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Volunteering

Trained and certified AARP Tax-Aide volunteer counselors help people of low-to-middle income with special attention to those age 60 and older.

For more information on TCE call 1-800-829-1040. To locate the nearest AARP Tax-Aide site, call 1-888-227-7669 or visit [AARP's Internet site](#).

Exercise ... did you get it?

Question # 9

Volunteers are paid to prepare taxes.

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True



False



Exercise ... did you get it?

Correct Answer # 3

False

The VITA sites are staffed by unpaid volunteers.



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Exercise ... did you get it?

Question # 10

VITA sites can be located at:

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Community Centers



Schools



Churches



Libraries



All of the above



Exercise ... did you get it?

Correct Answer # 10

All of the above

VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations.



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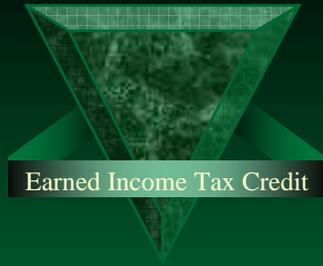
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Summary

This course has allowed you to:

- ✓ learners will be able to define and describe the EITC program,
- ✓ successfully distinguish those in the community that qualify to access the funds available from the federal government, and

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Summary

This course has allowed you to:

- ✦ also identify potential volunteers to participate in the VITA program. identify which citizens qualify to receive the Earned Income Tax Credit, based on the income guidelines prescribed by the IRS, and
- ✦ define the EITC.

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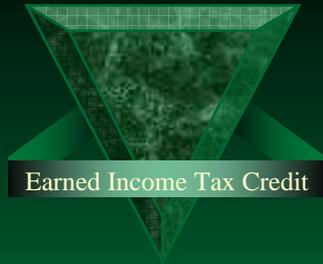
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*For more information on ways to
empower your community.*