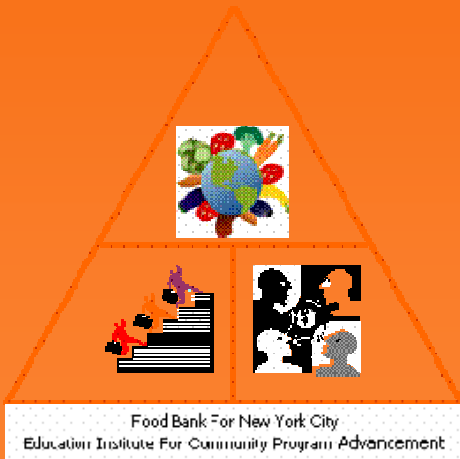


The Education Institute of the
Food Bank For New York City
Presents



Earned Income Tax Credit

OUTREACH CENTER TRAINING
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Topics

- Why focus on the EITC?
- What is the EITC?
- Who qualifies?
- How they benefit?
- How to file for the EITC?
- How and why to do outreach on tax EITC?



Earned Income Tax Credit (EITC)

A refundable federal tax credit for people who work full or part-time and earn low or moderate incomes.

- NY State gives 30% of the federal credit (1 of 15 states with EITC).
- NY City gives 5% of the federal credit.
- In 2006, the average EITC refund was \$2,370 in NYS.



It's Important

- The EITC is the most important tax credit for working families and individuals.
 - In 2006, the IRS gave back \$41 billion in EITC refunds.
- The EITC is the most effective anti-poverty tool we have.
 - In 2003, it lifted 4.4 million individuals, including 2.4 million children, out of poverty.
- In 2006, over 1.4 million New Yorkers claimed the EITC and received over \$3.6 billion dollars in refunds.



Refundable

- If your EITC credit is more than the taxes you owe (or already paid), *you get a refund for the difference.*

Eligibility

- Workers **must** have Earned Income:
 - Taxable wages, salaries, tips
 - Net earnings from self-employment
 - Union strike benefits
 - Taxable long-term disability benefits received before minimum retirement age
- Workers must have a Social Security number that permits them to work.
- Workers cannot have investment income exceeding \$2,800 in total to be eligible.

Income that Doesn't Count

- Some forms of income or revenue do not count toward the income eligibility for the EITC. Here are some examples:
 - Child support
 - Welfare payments (including TANF)
 - Worker's compensation
 - Insurance proceeds (accident, health, life)
 - Gifts, bequests, inheritances
 - Veteran's benefits

What it's Worth

How many children did the worker raise in 2006?	In 2006, earned up to:	Combined earnings (if married):	EITC can be worth up to*:
2 or more children	\$36,348	\$38,348	\$6,124
1 child	\$32,001	\$34,001	\$3,708
No children**	\$12,120	\$14,120	\$556

**These amounts include federal, state and city EITC. **Workers not raising children must be between the ages of 25 and 64 to be eligible.*



Qualifying Child

- A child can be:
 - a son, daughter, stepchild, grandchild, adopted child
 - brother, sister, stepbrother, stepsister, niece, or nephew
 - or a foster child placed by an authorized placement agency.

- The child must have lived with the worker in the U.S. for more than half the year.
 - Temporary absences count as time lived at home.
- The child must be 18 years or younger or 23 years or younger if a full time student, or any age if totally and permanently disabled.
- The child must have a valid Social Security number.

Who Claims

■ Only one person can claim a child for the EITC, but more than one person may qualify. If you cannot decide, the IRS uses the following preference list to make determinations:

- The parent;
- If both are parents, then the parent with whom the child lived for a longer period of time;
- If child lived with both parent for same period of time, then the parent with the highest adjusted gross income.
- If not the child's parents, then the person with the highest adjusted gross income.

How To Claim

- To receive the EITC, one must file federal and state income taxes.
 - Workers raising children must file form 1040 or 1040A and attach Schedule EIC.
 - Workers without children can use form 1040EZ, 1040 or 1040A. They must write EIC or the amount of their credit on the Earned Income Credit line of the tax form.
 - Married workers must file a joint return.
 - For the NY State and NYC credit, workers must file form *IT-215 Claim for Earned Income Credit* and attach to their state return.

If You Missed Out

- Workers can amend or file their taxes for the previous 3 years if they think they may have been eligible but didn't claim the credits.
 - Local VITA sites can help you amend or file your 2003, 2004 or 2005 taxes.
 - General tax questions should be directed to the IRS at 1-800-829-1040.

Public Benefits

- In most cases the EITC does not affect eligibility for benefits like TANF, Medicaid, Food Stamps, SSI or public or subsidized housing.
- The EITC is not counted as income when determining eligibility for these programs.
- The EITC may be counted as a resource for some programs if not spent within certain timeframes, but is usually not enough to exceed resource limits.



More Opportunities to Save

- Starting in 2007, tax filers can use direct-deposit to split a part of their refund in up to 3 accounts, like a savings account or an IRA
 - Can't be used with a paper check refund

Rapid Refunds

- Commercial preparers can be expensive, eating up a large percentage of a worker's refund.
 - *Fees can average about \$165 for e-file.*
- Rapid refunds or RALs are really very high-interest loans. These loans can have interest rates from 70% to 700%!
 - *Can be an additional \$100 fee or more.*
- Only a week or so faster than e-filing with a bank account.



Free Tax Assistance

- People can get free tax preparation from IRS trained volunteers at sites throughout New York.
 - In New York City call 311.
 - Workers with children must have earned less than \$40,000 and less than \$20,000 without children.
- These sites use e-file, refunds are directly deposited into a bank account in about 10 days *or* mailed in about three weeks.
- Many people can e-file for free through the IRS. Visit <http://www.irs.gov/efile> for additional information.



Outreach Needed

- Roughly \$312m of EITC left unclaimed in NYS.
 - More than half of that in NYC (\$159m).
- Only 82% of eligible workers in NY claim the credit!
- \$207m lost to commercial preparers and RALs.
- Workers situations change often. People may not know they are eligible.
 - Workers not required to file taxes
 - New entrants to labor market
 - New parents
 - Part-time/seasonal workers
 - Limited English Proficient/ Legal Immigrants



NYC EITC Coalition Targets

■ Queens

- Flushing, Jamaica, The Rockaways, Jackson Heights/Elmhurst /Corona

■ Brooklyn

- East New York, Greenpoint, Williamsburg-Bushwick, Bedford Stuyvesant, Crown Heights, Flatbush, Coney Island

■ Manhattan

- Washington Heights, East Harlem, Central Harlem, Lower East Side

■ Bronx

- Fordham, Bronx Park, Highbridge, Morrisania, Crotona-Tremont



Materials Available

- The NYC EITC Coalition makes outreach materials, flyers and posters, available in 11 languages.
- Go to www.nyc.gov/html/dca/html/initiatives/eitc.shtml to download a request form.



Ways To Help

- There are lots of easy ways to help:

- TALK

- GIVE

- SHOW

- SHARE

- CONNECT



For More Information

- The Food Bank For New York City:
Minerva Delgado (212) 566-7855 Ext.
2242; mdelgado@foodbanknyc.org
- New York City Information Line: 311
- IRS: 1-800-TAX-1040; www.irs.gov
- NYC Department of Consumer Affairs:
www.nyc.gov/html/dca/html/initiatives/eitc.shtml

