

Earned Income Tax Credit Resource Awareness



A service learning opportunity presented by students of OLS 386 – Management of Change

In early 2008, between 1,300 and 2,700 residents of Madison County failed to claim EITC benefits, resulting in a loss of an estimated* 2.1 to 4.2 million dollars for the Madison County economy.

EITC

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. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit.

To qualify for EITC, you must meet the following rules:

- Must have a valid Social Security Number.
- You must have earned income from employment or self-employment.
- You must file a tax return.
- Your filing status cannot be married, filing separately.
- You must be a U.S. citizen or resident alien all year, or a nonresident alien married to a U.S. citizen or resident alien filing a joint return.
- You cannot be the qualifying child of another person
- If you do not have a qualifying child, you must:
 - be age 25 but under 65 at the end of the year,
 - live in the United States for more than half the year,
 - and not qualify as a dependent of another person.
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income)
- For 2008, your investment income must be \$2,950 or less.

Earned income and adjusted gross income (AGI) must each be less than:

- \$38,646 (\$41,646 married filing jointly) with two or more qualifying children
- \$33,995 (\$36,995 married filing jointly) with one qualifying child;
- \$12,880 (\$15,880 married filing jointly) with no qualifying children.

Tax Year 2008 maximum credit:

- \$4,824 with two or more qualifying children;
- \$2,917 with one qualifying child;
- \$438 with no qualifying children.

PROJECT GOALS

- Develop a resource awareness program for those eligible to claim the Earned Income Tax Credit benefit.
- Educate refund recipients on how they can retain the maximum amount of their tax refund.
- Educate tax filers on the costs and risks of using a “Rapid Refund” or other similarly intended service.

Did You Know?

Most “Rapid Refund” services are actually short-term loans. By using a “Rapid Refund” service there is the risk that if your return is delayed by the IRS, you are still required to repay the “Rapid Refund” (loan) plus any interest and fees, regardless of whether you have received your return or not.

A better plan is to have your tax refund direct deposited into a checking account. This is the safest, fastest way to receive your refund, and you get to keep 100% of your refund. No short-term loan fees, interest or risk.

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.

VITA

The VITA Program offers free tax help to low- to moderate-income (generally, \$40,000 and below) people who cannot prepare their own tax returns. Certified volunteers sponsored by various organizations receive training to help prepare basic tax returns in communities across the country. 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.

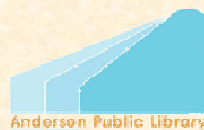
In Anderson, the Alberta Bowman VITA Tax Center is staffed by trained retired business people and is available each tax season. Volunteer Income Tax Assistance is available for low income and the elderly at the First United Methodist Church, 1215 Jackson Street.

- Assistance is available from the last Monday in January until the last Tuesday prior to April 15.
- Office hours are available on Mondays and Tuesdays from 8 a.m. to 12:15 p.m.
- Call 765-643-6977 (First United Methodist Church Office)
- Appointments are available Monday through Friday from 9 a.m. to 4 p.m. throughout tax season.

For more information, please visit:

<http://andersonfirst.org/main/VITA.asp>

PROJECT RESOURCES



* Based on data supplied by the Community Development Department, City of Anderson.