

# Free Tax Preparation: Helping Families Get the Credit They Deserve



*Citi Education Series*  
*on Family Economic Security*



- **Roxy Caines**, Center on Budget and Policy Priorities
- **Chris Guyon**, 4C's of Alameda County
- **Donna Hercules-Hackshaw**, New York State Child Care Coordinating Council
- **Hazel Knowles**, 4C's of Alameda County
- **Amy Matsui**, National Women's Law Center

November 13, 2007



# Moderator for this Session



**Amy Matsui**

Senior Counsel  
National Women's Law Center

[amatsui@nwlc.org](mailto:amatsui@nwlc.org)



# Presenters for this Session



**Chris Guyon**

4C's of Alameda County  
chrisg@4c-alameda.org



**Hazel Knowles**

4C's of Alameda County  
hazelk@4c-alameda.org



**Donna Hercules-  
Hackshaw**

New York State Child Care  
Coordinating Council  
dherculeshackshaw@  
nyscccc.org

*Not Pictured:*

**Roxy Caines**

Center on Budget and  
Policy Priorities  
caines@cbpp.org



## Tax credits can help put money back in families' pockets.

- The federal **Earned Income Tax Credit** can be worth up to **\$4,716** in 2007.
- The federal **Child Tax Credit** can be worth up to **\$1,000** per child.
- The federal **Child and Dependent Care Tax Credit** can be worth up to **\$2,100**.
- Many states also offer tax credits to working families.



## **But only if families actually claim the credits on their tax returns!**

- Billions of dollars in tax credits go unclaimed each year.
- For example, an estimated 20-25% of eligible individuals and families fail to claim the EITC each year.



## Educating families about tax credits is the first step. . . .

- Free materials on tax credits are available.
  - Visit [www.nwlc.org/loweryourtaxes](http://www.nwlc.org/loweryourtaxes) to download free state-specific fliers, envelope stuffers, and other materials.
  - Visit [www.cbpp.org/eic2007](http://www.cbpp.org/eic2007) for materials on the federal EITC and the Child Tax Credit.
  - The IRS also offers materials on the EITC. Visit <http://www.irs-eitc.info/SPEC/>.



## But families also need help filing their tax returns.

- Many families face barriers in filing tax returns in the first place.
- Tax credits like the EITC, Child Tax Credit and Child and Dependent Care Credit require families to:
  - File IRS form 1040 or 1040A, rather than the 1040EZ
  - File a separate form for each credit
  - Meet different requirements
- It's even harder for families with limited English proficiency.



# Help is out there!

- The IRS-sponsored VITA Program offers free tax help to low- to moderate-income (generally, \$39,000 and below) people who cannot prepare their own tax returns.
- The IRS also coordinates with AARP to offer tax help to people of low-to-middle income, with special attention to those age 60 and older, through a program called Tax-Aide.



# You can help connect families with free tax preparation services in their communities.

- Work with local EITC coalitions.
- Work with asset-building coalitions.
- Become a VITA site.



# Roxy Caines

## Center on Budget and Policy Priorities



The Center on Budget and Policy Priorities is a nonprofit organization that conducts research and policy analysis on issues that have an impact on low- and moderate-income Americans. The Center has spearheaded a national public education campaign on the EITC each year since 1989 and distributes a widely-used community outreach kit.



# Roxy Caines

## Center on Budget and Policy Priorities



Roxy Caines is the Project Associate for the Center on Budget and Policy Priorities' National Tax Credit Outreach Campaign. By providing technical assistance, leading trainings and developing outreach materials, Roxy assists organizations nationwide to conduct local outreach campaigns that promote the Earned Income Credit, the Child Tax Credit, and free tax filing assistance programs. Through her work with several non-profit organizations, Roxy also has experience in research, teaching, curriculum development, workshop facilitation, and grant writing.



# Working With EITC Coalitions

- EITC coalitions promote the EITC and other tax credits and provide free tax preparation.
- Involve a variety of organizations including social service agencies, financial institutions, faith-based, government agencies and the IRS.



# The High Cost of Commercial Tax Preparation

- When it's time to file a tax return, many workers seek help from a commercial tax preparer.
- 50 percent of all tax filers and 70 percent of EIC claimants use commercial tax preparers.
- Average fees range from \$85 - \$120 for e-filing and increase with Refund Anticipation Loans (RALs).



# What are RALs?

## *Refund Anticipation Loans*

- Very high-interest loans
  - Interest rate can be over 180 percent
- Processing fee can be \$80 or more
  - Some preparers charge a percentage of the EIC refund, driving fees even higher
- No guarantee refund will equal the loan amount

For more information, see [http://www.cbpp.org/eic2007/03\\_Tax\\_Prep.pdf](http://www.cbpp.org/eic2007/03_Tax_Prep.pdf).



# Promoting Free Tax Preparation

- Organizations can contact their IRS-SPEC Territory Manager to find existing VITA sites or to learn how to become one: [www.cbpp.org/eitc-partnership/territory-manager.htm](http://www.cbpp.org/eitc-partnership/territory-manager.htm)
- During the tax season, AARP has searchable database of Tax-Aide locations: [www.aarp.org/money/taxaide/](http://www.aarp.org/money/taxaide/)
- To find out about local EITC coalitions in your area visit: National EITC Outreach Partnership: [www.cbpp.org/eitc-partnership/state-links.htm](http://www.cbpp.org/eitc-partnership/state-links.htm)

## Citi Education Series on Family Economic Security



### 2008 VITA Checklist Getting Help to Prepare your Taxes — What to Bring with You

If you need help completing tax forms, a Volunteer Income Tax Assistance (VITA) site near you can help. Call 1-800-829-1040 to find the nearest location. When you go to a VITA site, or if you choose to go to a commercial tax preparer, be ready. Take these items with you:

- Valid picture ID
- Copy of 2006 tax return (if you have it)
- Social Security numbers or Individual Taxpayer Identification Numbers (ITIN) for you, your spouse and any children born before December 31, 2007. (If available, bring the Social Security cards or ITIN letters to ensure information is copied correctly onto the tax return.)
- Income documentation including:
  - W-2 Forms from all jobs worked in 2007
  - All 1099 Forms showing other income received in 2007
  - A blank check for direct deposit of your refund (If you don't have a checking account, bring your bank account name, number and the 9-digit American Bankers Association (ABA) routing number. Contact your bank if you need assistance identifying the ABA number.)

If any of the following apply to you, take documentation with you:

- Child care expenses, including the provider's address and federal ID #
- Mortgage company statements
- Adoption expenses
- Alimony paid or received
- Any notices received from the IRS or state tax office
- Property tax bills
- College tuition and student loan interest statements
- Additional forms of income such as:
  - Prizes and awards
  - Scholarships and fellowships
  - Lottery/ gambling winnings

If you lost or do not have all of these items, you can still get your taxes prepared. Call the IRS helpline at 1-800-829-1040 to find out what you need to do and how to obtain replacement documents.



# More Connections for You

- The Center on Budget and Policy Priorities has a contact list of 7,000 organizations who request the Center's annual Tax Credit Community Outreach Kit —  
Call CBPP: **202-408-1080**
- National Community Tax Coalition website:  
[www.tax-coalition.org/programs.cfm](http://www.tax-coalition.org/programs.cfm).



# Donna Hercules-Hackshaw

## New York State Child Care Coordinating Council



The New York State Child Care Coordinating Council (NYSCCCC) has been working to make quality, affordable child care available to New York's families since 1975. Rooted in a statewide network of child care resource and referral agencies, the membership of NYSCCCC includes wide representation from child care providers, parents, businesses, community organizations, and other individuals.

Donna Hercules-Hackshaw is NYSCCCC's Special Projects Coordinator. She has directed NYSCCCC's tax credits outreach campaign since 2003.



# What's an asset-building coalition?

- The goal of an asset-building coalition is to help families build up savings and financial stability.
- Asset-building coalitions focus on different strategies for achieving this goal, including:
  - Tax credits outreach
  - Financial education and financial literacy
  - Helping “unbanked” families start checking and savings accounts



# What kinds of groups participate in asset-building coalitions?

- Asset-building coalition members may include
  - social service organizations
  - government agencies
  - financial institutions (banks and credit unions)
  - private businesses



## What kinds of activities do asset-building coalitions do in connection with free tax preparation?

- Financial education
  - Refund splitting
  - Planning for emergencies, children's educations, home ownership or retirement
- Helping families set up bank accounts



# Chris Guyon and Hazel Knowles

## 4C's of Alameda County (California)



**Chris Guyon** is 4C's Deputy Director. She was instrumental in bringing a VITA site to 4C's of Alameda County in 2002. She is also a VITA Volunteer.

**Hazel Knowles** is the 4C's Office Manager. She has been a Volunteer Tax Preparer and Site Coordinator for the 4C's VITA site since 2002.



The Community Child Care Coordinating Council (4C's) of Alameda County is a private non-profit agency that has been providing services to families, children and child care professionals since 1972. 4C's Hayward office has served as a VITA site since 2002.



# Who is 4C's of Alameda County

## History of 4C's VITA Site

- Collaboration
- IRS
- Funding



# VITA Site - Logistics

- Support of your organization
- Partner with other CBO's in your area
- Location with suitable computer access
- Volunteer recruitment plan
- Customer base
- Funding/Expense items
  - Staff Time
  - Facilities/Extended operating hours
  - Supplies
  - Volunteer refreshments
  - Phone



# VITA Site - Operations

- Site Coordinator
- Space for waiting and tax preparation
- Decide on days and hours of operation
- Appointments vs. walk-in
- Computer for each tax preparer
- Ability to keep confidential records
- Attend meetings



# VITA Site – Volunteers/Roles

## Volunteers

- 1 to 80 needed depending on size of your site
- Community and staff

## Roles

- Site Coordinator
- Screener
- Interpreter
- Tax Preparer
- Transmitter
- Greeter



# VITA Site - Training

- Classroom or online self-study training is available
- All site coordinators, tax preparers, transmitters, and screeners need to be certified by the IRS
- All training and materials are provided by the IRS
- You cannot prepare returns that are above your level of certification



# Tax Preparer & Taxpayer Stories

- Hazel
- Jennifer
- Dawn



# Alameda County 2007 Results

**EarnIt!KeepIt!\$aveIt!**

★ Alameda County 2007 Results	
Number of Tax Assistance Sites	24
Number of Volunteers	331
Total Number of Returns	6,742
Total EITC Dollars Captured	\$3,081,652
Total Refunds Captured	\$7,295,518 ★★

Earn It! Keep It! Save It! of the Bay Area is part of a multi-county project of United Way of the Bay Area.



## For more information about tax credits outreach, visit:

- The National Women's Law Center at <http://www.nwlc.org/loweryourtaxes>
- The Center on Budget and Policy Priorities at [www.cbpp.org/eic2007](http://www.cbpp.org/eic2007)
- The IRS at <http://www.irs-eitc.info/SPEC/>.



## If you are interested in joining a tax credits outreach campaign. . . .

- Contact Amy Matsui at the National Women's Law Center at [amatsui@nwlc.org](mailto:amatsui@nwlc.org)
- Contact John Wancheck at the Center on Budget and Policy Priorities at [wancheck@cpbb.org](mailto:wancheck@cpbb.org)



# Survey questions

- Thank you for participating in the webinar.  
We'd really appreciate any feedback you have.
- Please email Amy Matsui at [amatsui@nwlc.org](mailto:amatsui@nwlc.org) if there are topics related to tax credits outreach that you would like to see in a future webinar.



# Thank you for being a part of the Citi Educational series on Family Economic Security.

- To access the materials from our three webinars on tax credits outreach, visit <http://action.nwlc.org/webinarmaterials>
- For information about upcoming webinars in the series, visit <http://action.nwlc.org/webinar> and look for emails from the National Women's Law Center.