

Free Tax Return Preparation For You by Volunteers

The IRS Volunteer Income Tax Assistance Program (VITA) and the Tax Counseling for the Elderly (TCE) Programs offer free tax help for taxpayers who qualify.

Trained community volunteers may help with special credits, such as Earned Income Tax Credit, Child Tax Credit, and Credit for the Elderly or the Disabled. In addition to free tax return preparation assistance, most sites also offer free electronic filing (e-filing). Individuals taking advantage of the e-file program will receive their refunds in half the time compared to returns filed on paper – even faster when tax refunds are deposited directly into one's bank account.

Volunteer Income Tax Assistance Program

The VITA Program offers free tax help to low- to moderate-income (generally, \$49,000 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. ***To locate the nearest VITA site, call 1-800-829-1040.***

Tax Counseling for the Elderly

The Tax Counseling for the Elderly Program provides free tax help to people aged 60 and older. Trained volunteers from non-profit organizations provide free tax counseling and basic income tax return preparation for senior citizens. 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 7,000 sites nationwide during the filing season. 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.](#)

Military personnel and their families get free tax help!

The military also has a strong Volunteer Income Tax Assistance (VITA) Program. The Armed Forces Tax Council (AFTC) consists of the tax program coordinators for the Army, Air Force, Navy, Marine Corps, and Coast Guard. The AFTC oversees the operation of the military tax programs worldwide, and serves as the main conduit for outreach by the IRS to military personnel and their families.

Airmen, soldiers, sailors, marines, guardsmen, and their families worldwide receive free tax preparation assistance at offices within their installations. These VITA sites provide free tax advice, tax preparation, and assistance to military members and their families. They are trained and equipped to address military specific tax issues, such as combat zone tax

benefits and the effect of the new Earned Income Tax Credit (EITC) guidelines.

Most service members file their tax returns electronically at their tax centers and, by selecting direct deposit, receive their refunds in as little as one week. This combined effort ensures that service members receive free tax assistance from well-trained and equipped military tax preparers.

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

- **Proof of identification**
- **Social Security Cards for you, your spouse and dependents** and/or a Social Security Number verification letter issued by the Social Security Administration
- **Birth dates for you, your spouse 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)
- A copy of last year's federal and state returns *if available*
- Bank routing numbers and account numbers for Direct Deposit
- **Total paid for daycare provider and the daycare provider's tax identifying number** (the provider's Social Security Number or the provider's business Employer Identification Number)
- To file taxes electronically on a married-filing-joint tax return, both spouses must be present to sign the required forms.

It is extremely important that each person use the correct Social Security Number. 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. To prevent processing delays in paper returns and rejected electronically filed returns, volunteers check the accuracy of each Social Security Number, as well as the spelling of the name associated with the number. If you do not have an SSN for you or a dependent, you should complete Form SS-5, Social Security Number Application. This form should be submitted to the nearest Social Security Administration Office.

If you or your dependent is not eligible to get a Social Security Number, you may need an Individual Taxpayer Identification Number (ITIN).

There are payment options available when using IRS e-file.

If you owe, you can make a payment (by April 15) by authorizing an electronic funds withdrawal (direct debit) from a checking or savings account, paying by credit (Discover Card®, American Express®, MasterCard® or VISA® Card), or by check or money order (payable to the United States Treasury) using Form 1040-V, Payment Voucher.

Information from IRS

<http://www.irs.gov/individuals/article/0,,id=107626,00.html>

EITC Statistics

EITC State Statistics at-a-Glance for Tax Year 2008

Nationwide last year, over 24 million people received nearly \$50 billion in EITC.

State-by-State EITC Statistics for Tax Year 2008 through September 30, 2009

State	State	Number of Net EITC Recipients	Average Net EITC Amount	Total Net EITC Amount (\$Mill)
California	CA	2.5 M	\$2,039	\$5,200
Colorado	CO	291 K	\$1,852	\$538
Connecticut	CT	183 K	\$1,828	\$334
Washington DC	DC	47 K	\$1,887	\$88
Delaware	DE	64 K	\$1,957	\$124
Florida	FL	1.8 M	\$2,095	\$3,700
Georgia	GA	976 K	\$2,323	\$2,300
Hawaii	HI	92 K	\$1,804	\$166
Iowa	IA	189 K	\$1,861	\$351
Idaho	ID	114 K	\$1,947	\$223
Illinois	IL	922 K	\$2,093	\$1,900
Indiana	IN	493 K	\$1,991	\$982
Kansas	KS	188 K	\$1,926	\$363
Kentucky	KY	376 K	\$2,007	\$755
Louisiana	LA	496 K	\$2,401	\$1,200
Massachusetts	MA	340 K	\$1,774	\$603
Maryland	MD	358 K	\$1,943	\$695
Maine	ME	92 K	\$1,753	\$162
Michigan	MI	731 K	\$2,031	\$1,500
Minnesota	MN	296 K	\$1,793	\$531
Missouri	MO	475 K	\$2,017	\$958
Mississippi	MS	386 K	\$2,443	\$942
Montana	MT	74 K	\$1,828	\$136
North Carolina	NC	834 K	\$2,125	\$1,800
North Dakota	ND	40 K	\$1,804	\$72

Nebraska	NE	119 K	\$1,916	\$228
New Hampshire	NH	68 K	\$1,687	\$115
New Jersey	NJ	511 K	\$1,970	\$1,000
New Mexico	NM	203 K	\$2,054	\$416
Nevada	NV	184 K	\$1,928	\$355
New York	NY	1.5 M	\$2,011	\$3,100
Ohio	OH	874 K	\$1,996	\$1,700
Oklahoma	OK	316 K	\$2,070	\$654
Oregon	OR	244 K	\$1,807	\$440
Pennsylvania	PA	835 K	\$1,885	\$1,600
Rhode Island	RI	73 K	\$1,971	\$144
South Carolina	SC	463 K	\$2,167	\$1,000
South Dakota	SD	58 K	\$1,876	\$110
Tennessee	TN	608 K	\$2,106	\$1,300
Texas	TX	2.3 M	\$2,314	\$5,300
Utah	UT	155 K	\$1,962	\$304
Virginia	VA	534 K	\$1,963	\$1,000
Vermont	VT	41 K	\$1,631	\$67
Washington	WA	380 K	\$1,831	\$696
Wisconsin	WI	339 K	\$1,858	\$630
West Virginia	WV	151 K	\$1,880	\$284
Wyoming	WY	32 K	\$1,773	\$57
	Other ³	28 K	\$1,993	\$56

¹ Source: EITC Database that Resides on the IRS Compliance Data Warehouse, Data Extracted on 9/16/09

² National Summary 701 Report as of December 2009 with total amount of EITC paid in 2009

³ Other includes all international regions and EITC recipients with no associated states.

Data From IRS

<http://www.eitc.irs.gov/central/eitcstats/>

Last updated: 1/26/10



On-line Tax Filing Tools

Free File Alliance

In 2003, the IRS began a partnership with the Free File Alliance, a consortium of companies that provide free on-line tax preparation and electronic filing. Under an agreement with the IRS, workers earning less than \$54,000 in 2008 could use its on-line tax filing system at no charge to file federal returns. (Companies may charge to file state tax returns.) In January 2009, workers may access the Free File Alliance at the IRS website to explore what these companies offer and link to tax filing programs they may wish to use. Any changes in income limits or other qualifications for filers in 2009 have not yet been announced. In 2008, 4.6 million taxpayers filed returns through the Alliance service, a 21 percent increase from 2007. Outreach organizations can make their computers and Internet access available to low-income workers who want to use this service.

Note: The Free File Alliance can make it cost-free and easier for low-income tax filers to take advantage of electronic filing, but Tax Credit Outreach Campaigns should use caution in promoting this service. The services available may not be the best option for all low-income filers. Filers must complete their own tax forms at these sites. While companies attempt to make their sites “user-friendly,” they may charge extra fees to answer a worker’s tax questions.

Organizations that make their computers available to community residents so they can use this service may wish to have trained staff or volunteers available to answer questions and to review returns for errors before they are submitted to the IRS. In addition, some companies in the Free File Alliance offer refund anticipation loans at the same website. Outreach Campaigns should emphasize to workers that they are under no obligation to purchase these or other services offered by these companies. Outreach Campaigns should also let workers know that they can have their tax refunds deposited directly into their own bank accounts when using these services. *For more information on the Free File Alliance, see www.irs.gov/efile.*

I-CAN! E-File

The Legal Aid Society of Orange County, CA has developed I-CAN! E-File, a web-based program that enables community partners to assist taxpayers in preparing and e-filing their own tax returns. I-CAN! E-File is written at a fifth grade literacy level, has a Live Chat feature and provides outreach materials at no charge in English and Spanish. In 2008, 25,263 tax returns were filed through I-CAN! E-File, resulting in EIC claims worth more than \$11 million. I-CAN! E-File completes federal tax returns and state returns for California, Michigan, Montana, New York and Pennsylvania. *For more information, please contact Jeanette Valencia at 714-571-5269 or jvalencia@legal-aid.com. Visit the I-CAN! E-File website at www.icanefile.org.*

The Beehive

The One Economy Corporation has created the “Beehive,” an on-line resource for people to find child care, social services, money management, employment and education resources in their communities. The Beehive provides information on the EIC and VITA sites, as well as offers workers an opportunity to complete their tax returns on-line. Through the Beehive’s partnership with H&R Block, anyone earning under \$54,000 can e-file their federal and state tax returns. While H&R Block normally charges individuals to use their services, this partnership with Beehive allows qualifying individuals to file for free. *Visit www.thebeehive.org to learn more.*



Money Talks!

Have you heard?

As Much As **\$5,657** — or More — Could Be Waiting for You!

File a Tax Return to Claim the Benefits You Earned

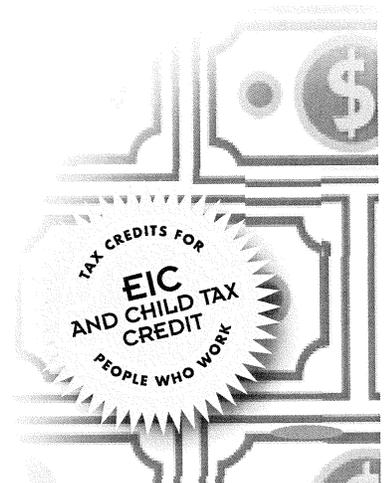
Earned Income Credit and Child Tax Credit

- ☞ If you worked in 2009, had children living with you and earned less than about \$40,000
- OR
- ☞ Did not have children living with you and earned less than about \$13,400

You could qualify! You can get **FREE** tax help.

- Make sure you get the new Making Work Pay Credit!
- Call the IRS at **1-800-829-1040** to learn more.

For More Information:



The Earned Income Credit and the Child Tax Credit: You Could Owe Less in Taxes and Get Cash Back from the IRS!

- If you worked in 2009 — full-time or part-time — you may qualify.
- Even if you don't owe income tax you can get the credits.

If You Had Children Living With You for More than Half of 2009:

- **For the EIC**, children must be under 19 in 2009. (Full-time students can be under 24; children who are permanently and totally disabled can be any age.)
- **For the CTC**, children must be under 17 in 2009.

If You Did Not Have Children Living With You:

- You may claim **the EIC** if you were between ages 25 and 64 in 2009.

How Much Can I Earn? How Large a Tax Credit Can I Get?

For the EIC, if you have:	Earned income less than:	Claim an EIC up to:
1 child	\$35,463	\$3,043
2 children	\$40,295	\$5,028
3 or more children	\$43,279	\$5,657
No children	\$13,440	\$457
For the CTC, if you have:	Earned more than:	Claim a CTC up to:
1 or more children	\$3,000	\$1,000 per child

EIC income limits for married workers are \$5,000 higher!

What if I'm Not a U.S. Citizen?

Immigrants who work and meet other guidelines may qualify.

- **For the EIC:** worker, spouse and any child claimed needs a valid Social Security Number.
- **For the CTC:** either a Social Security Number or Individual Taxpayer Identification Number (ITIN) is needed.

File a Federal Tax Return to Get the EIC and CTC: Get Free Help!!!

- VITA — Volunteer Income Tax Assistance — helps people fill out tax returns for free.
- Trained community groups operate VITA. **For a site near you, call 1-800-906-9887.**

Also—Make Sure You Get Your Making Work Pay Credit—an extra \$400!

Many workers got the new Making Work Pay Credit in 2009 in their paychecks. But if you were self-employed, or didn't earn enough to have income tax withheld, you can claim this credit on your tax return.

If You Work, You Can Get These Tax Credits and Not Lose Other Public Benefits

EIC, CTC and Making Work Pay Credit refunds won't count as income when you apply for or renew benefits like Food Stamps (now called SNAP), SSI, Medicaid, cash assistance, or public housing. Some benefit programs may have a limit on how long you can keep your refund in a bank account.

Why Pay When You Can Get Your Taxes Done for Free?



More than half of all taxpayers pay a tax preparer to file their tax return. Before using a commercial tax preparer, find out if there is a **Volunteer Income Tax Assistance (VITA)** site nearby that can help you prepare your taxes for free.

- Commercial tax preparers charge an average of \$100 to prepare a return claiming the Earned Income Credit (EIC). You may pay as much as \$100 more if you get a Refund Anticipation Loan (RAL).
- Sometimes RALs are advertised as “fast cash” or a “quick tax refund.” RALs are loans with extremely high interest rates. If there is an error on the return and the IRS doesn’t send the refund, you will be stuck having to repay the loan.
- RALs are sometimes promoted through car dealerships, furniture outlets or jewelry stores that offer to prepare your taxes and try to convince you to use refund loans for in-store purchases.
- RALs provide a fast cash loan (1 to 2 days) on your tax refund, but having the IRS refund deposited directly into a bank account takes only about 7 to 12 days. Is it worth paying \$200 or more?

If you earn under about \$49,000, you can get free tax filing help through the IRS-sponsored VITA or Tax Counseling for the Elderly (TCE) programs. Both programs can provide fast electronic tax filing. Community volunteers receive IRS-approved training to assist individuals with tax returns. Some VITA sites can help you open a bank account if you don’t have one. **Call 1-800-906-9887 to find the nearest VITA location and its days and hours of operation.**

Guidelines for Choosing a Tax Preparer

If you can’t find a VITA site or choose to go to a commercial tax preparer, be sure to do the following:

1. **Select a tax preparer that you can contact later** in case the IRS has questions about your tax return.
2. **Check out the tax preparer’s reputation** with others in the community. You can also research the tax preparer with your local Better Business Bureau (www.bbb.org) to see if any complaints have been filed.
3. **Ask about fees to have your taxes prepared** before scheduling an appointment. Be sure to ask if there are any fees for additional schedules or forms, like the Schedule EIC, used to claim the Earned Income Credit.
4. **Do not leave originals of documents** with a tax preparer if he or she needs to work on your tax return when you are not present.
5. **Avoid a tax preparer who suggests you lie** or make up information. You will be held responsible for errors, NOT the preparer.
6. **Do not sign a blank tax return** or a return completed in pencil. Sign a tax return in pen, only after you’ve reviewed it. Check names, addresses, Social Security numbers and wage information. Ask questions to understand the reason for any refund you get or taxes that you owe.
7. **Check that the tax preparer signs the tax return in pen.** The preparer’s signature, address and Employer Identification Number (EIN) or Social Security number are required on the tax return by federal law.
8. **Request a copy of your completed tax return.** Write down the preparer’s phone number to call if you have additional questions about your tax return later.



2010 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 1-800-906-9887 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 2008 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, 2009. (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 2009
 - All 1099 Forms showing other income received in 2009
 - 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.

Comparing the Eligibility Requirements for the EIC and the CTC

EIC	CTC
Qualifying Child	
<ul style="list-style-type: none"> • Son, daughter, grandchild, stepchild or an adopted child • Brother, sister, stepbrother or stepsister (and their descendants) • Foster child <i>placed with worker by a government or private agency</i> 	
Residency of Child	
<ul style="list-style-type: none"> • Must live with worker in the U.S. for more than half the year 	<ul style="list-style-type: none"> • Must live with worker in the U.S. for more than half the year. Exception: A non-custodial parent who is permitted by a divorce or separation agreement to claim the child
Age of Child	
<ul style="list-style-type: none"> • Under age 19, or under 24 if a full-time student, or any age if totally and permanently disabled 	<ul style="list-style-type: none"> • Under age 17
Income	
<ul style="list-style-type: none"> • 1 child – under \$33,241 • 2 or more children – under \$37,783 • no children – under \$12,590 • Income limits for married workers are \$2,000 higher. • Investment income cannot exceed \$2,900. 	<ul style="list-style-type: none"> • Must earn <i>more than</i> \$11,750 • No limit on investment income.
Credit Amount	
<ul style="list-style-type: none"> • 1 child – <i>up to</i> \$2,853 • 2 or more children- <i>up to</i> \$4,716 • No children – <i>up to</i> \$428 	<ul style="list-style-type: none"> • <i>Up to</i> \$1,000 per child
Dependency	
<ul style="list-style-type: none"> • Not required (except for a claim by a married parent who separated from his or her spouse during the first half of the year). 	<ul style="list-style-type: none"> • Only required for the non-custodial parent exception noted above.
Immigration	
<ul style="list-style-type: none"> • Worker, spouse and qualifying child must each have a valid SSN that permits them to work legally in the U.S. 	<ul style="list-style-type: none"> • Child must be a U.S. citizen or a resident alien; SSN or ITIN for parents and children is required.
Sources of Earned Income	
<ul style="list-style-type: none"> • Wages, salary, tips • Earnings from self-employment • Union strike benefits • Employer paid disability • Military combat pay (tax filer can choose to count for EIC, must count for CTC) 	
Special Forms	
<ul style="list-style-type: none"> • Schedule EIC required for workers claiming children 	<ul style="list-style-type: none"> • Form 8812 “Additional Child Tax Credit”
Impact on Public Benefits	
<ul style="list-style-type: none"> • Not considered income for food stamps, SSI Medicaid, federal housing, foster care or adoption assistance. • Does not count toward resource limits in the month of receipt or the following month. Exceptions: SSI – counts after 9 months; food stamps – counts after 12 months. • Rules regarding other benefit programs are state-determined. 	<ul style="list-style-type: none"> • Not considered income for any federal, state, or local program financed even in part by federal funds. • Generally does not count toward resource limits in the month of receipt or in the following month. Exception: SSI – counts after 9 months.