

Get Money Back from Your Taxes: Earned Income Tax Credit

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A community thrives when its community members thrive. However, many families, even though they are full-time employed, continue to struggle to meet their families' basic needs. Earned Income Tax Credit (EITC) provides a financial support to these families by reducing their tax burden and, in many cases, giving them a tax refund when they file their annual income tax return.

What is the Federal Earned Income Tax Credit (EITC)?

According to the Internal Revenue Service, the Earned Income Tax Credit (EITC) is a federal income tax credit for low-income workers who are eligible for and claim the credit. The credit reduces the amount of tax an individual owes and may be returned in the form of a refund. **The EITC is a tax benefit for low- to moderate-income working families, as well as a small benefit for some workers without children.** Workers who qualify for the EITC and file a federal income tax return can receive a refund, even if no taxes were taken out of their pay during the year.

The EITC is based on the amount of earned income, which includes wages reported on a W-2 and self-employment income reported on Form 1099-MISC. The EITC does not count as income in determining eligibility for public benefits, such as welfare, Medicaid, food stamps, SSI or public housing.

The EITC was created by Congress in 1975 to help offset Social Security payroll tax and to make work more attractive than welfare. For minimum wage workers who do not owe any taxes, the program provides additional income; for those with higher earnings, it offsets taxes. The EITC is often referred to as one of the most successful federal anti-poverty programs ever developed. The program is administered by the Internal Revenue Service and has grown to become one of the United States' largest programs to support low-income families. According to Pamela Friedman, "By reducing the tax burden on families, the EITC strengthens their self-sufficiency and provides them with more disposable income."

Eligibility Requirements

To claim the EITC on your 2004 tax return, taxpayers must meet the following requirements:

- Must have earned income.
- Must have a valid Social Security number.

- Investment Income is limited to \$2,650.
- Your filing status cannot be "married filing separately."
- Generally, must be a U.S. citizen or resident alien all year.
- Cannot be a qualifying child of another person.
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income).
- Legal immigrants can qualify for the EITC, as long as they meet the eligibility requirements.

For earned income eligibility requirements to claim EITC or any other information on the EITC, visit www.irs.gov/eitc or call 1-800-TAX-1040.

Why EITC Is Important?

Many families eligible for the Earned Income Tax Credit do not claim the credit. According to the Center on Budget and Public Policy Priorities, recent surveys indicate 15 to 25 percent of families fail to claim the EITC. The EITC credits that go unclaimed by low to moderate-income workers represent millions of dollars of lost revenue.

2003 EITC Statistics for Nebraska and Neighboring States

State	# of Recipients	\$ Received
Nebraska	104,382	\$173,598,154
South Dakota	52,772	\$87,042,713
Wyoming	32,270	\$52,224,241
Colorado	245,363	\$398,739,138
Kansas	167,194	\$282,543,030
Missouri	441,032	\$723,478,556
Iowa	164,600	\$261,558,935
National Totals	21 million	\$37.5 billion

These millions of dollars of unclaimed EITC credits would be spent on the local economy in these communities. Educating workers about EITC and providing free tax assistance possibly will bring millions of dollars into the community, which then circulate through the local economy by strengthening neighborhoods, assisting small businesses, and stimulating local economic development.

For more information, call 1-800-TAX-1040 go to www.irs.gov/eitc.

(Sources: www.irs.gov/; Facts about the Earned Income Credit, 2005, The Center on Budget and Policy Priorities, www.cbpp.org/; Maximizing the Earned Income Tax Credit in Your Community, National League of Cities, 2004; Pamela Friedman, Earned Income Tax Credit, 2000)

Lincoln's Volunteer Tax Assistance Program

Many families that apply for EITC pay someone to complete their tax forms. This can often cost between \$55 and \$150 and can be more. Paying for tax preparation takes away from the value of the EITC.

Volunteers throughout Lincoln are now offering free federal and state tax return preparation through the Volunteer Income Tax Assistance (VITA) program. The VITA is a national program providing free assistance to low income, elderly,

limited English proficient and disabled individuals who require assistance in preparing their tax returns and cannot afford the services of a paid professional tax preparer.

According to Miriam Bede, a tax specialist with the Internal Revenue Service, "The VITA program has provided free tax assistance to the Lincoln community for over 30 years. The volunteers are the heart of this program and represent the diversity present in this community." Vietnamese, Arabic, Hispanic, Indian, Russian and Bosnian speaking volunteers will be available at some locations for translation and tax preparation.

Volunteers are taught basic tax preparation techniques and technology, enabling them to easily handle most returns or at least know where to find the answer in the IRS quick reference guides. Volunteers are trained to prepare basic Forms 1040 tax returns, including, Schedule A for itemized deductions, claims for the Earned Income Tax Credit, other tax credits and the comparable state tax forms. **Volunteers do not prepare business or complex tax returns.**

Free electronic filing of the Federal Tax return will also be available at some locations. Electronically filed tax forms greatly increase the speed of filers' returns and help reduce return errors. Combined with direct deposits, the refunds can be received within 10 to 14 days.



What You Need to Bring to Tax Preparation Sites:

- A photo identification.
- Social Security Cards (or Individual Taxpayer Identification Number) for yourself, spouse and dependents listed on the return.
- All wage and earning statements (W-2).
- Any interest and dividend statements (Form 1099).
- A copy of last year's return (if available).
- Child care provider name, address and tax ID number.
- A sample check if you want direct deposit of your refund.
- Any other information concerning income and expenses for 2004.

Lincoln VITA Program Tax Sites and Hours

All sites operate until April 15 and provide electronic filing unless noted. No appointment necessary!

Lincoln Action Program — 210 "O" St.
 ■ Mondays, 1-4 p.m.
 ■ Thursdays, 5:30-8:30 p.m.
 ■ Fridays, 9:30 a.m.-12 p.m.

U.S. Bank — 56th & "O" Street
 ■ Tuesdays, 10 a.m.-1 p.m.
 ■ Wednesdays, 10 a.m.-1 p.m.
 ■ Thursdays, 1-4 p.m.
 ■ Saturdays, 9-11:30 a.m.

Anderson Library — 3635 Touzalin Ave.
 ■ Wednesdays, 5:30-8:30 p.m.

Eiseley Library — 1530 Superior St.
 ■ Mondays, 5:30-8:30 p.m.
 ■ Thursdays, 1-4 p.m.

Bennett Martin Library — 14th & "N" St. (E-filing closes 2/27/05)
 ■ Tuesday 5:30-8:30 p.m.
 ■ Wednesday 1-4 p.m.
 ■ Sunday 1:30-4:30 p.m.

"F" Street Recreation Center — 1225 "F" St. (no E-filing)
 ■ Tuesdays, 11:30 a.m.-2:30 p.m.

Salvation Army — 2625 Potter St. (E-filing closes 2/22/05)
 ■ Tuesdays, 1-4 p.m.
 ■ Thursdays, 1-4 p.m.

Hawthorne Elementary School — 300 S. 48th St. (E-filing closes 2/24/05)
 ■ Tuesdays, 5-8 p.m.
 ■ Thursdays, 5-8 p.m.

Elliott School — 225 S. 25 St.
 ■ Saturdays, 9 a.m.-12 p.m.

Hispanic Center — 2300 "O" St. (No E-filing)
 ■ Mondays, 1-4 p.m.
 ■ Saturdays, 10 a.m.-1 p.m.

Asian Community Center — 140 S. 27th St. (No E-filing)
 ■ Mondays-Fridays 9 a.m.-5 p.m.

This Nebraska Student's Homework is Homeland Security

Preston Mesick, a junior engineering major at the University of Nebraska-Lincoln and a Millard North graduate, earned a prestigious Homeland Security Scholarship early this fall. The scholarship supports the development and mentoring of the next generation of scientists as they seek to reduce America's vulnerability to terrorism. Mesick credits his early access to research work at UNL "At the end of my sophomore year, I was already in the middle of my second research experience at Nebraska. I have to think that that, along with my coursework, stood out on my application."



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Nebraska Beef Leadership Symposium Applications Due March 15

The second annual Nebraska Beef Leadership Symposium will include instruction on leadership development, discussion of the beef industry and current topics, a chance to interact with University of Nebraska faculty and students, discussion on careers and tours of the campus and Memorial Stadium.

This is a great way to determine if a career in the beef industry is for you, plus make many new contacts!

If you are interested, application and additional information can be obtained from Deanna. Applications are due by March 15, along with a registration fee of \$50. Information is also online at animalscience.unl.edu/youth/beefsymp.htm.



2005 Big Red Summer Camps

Open to all high school youth, the Big Red Academic Camps are a great way to explore career options and discover the University of Nebraska-Lincoln campus!

Camps include: Fashion Design, Culinology, Golf, Child Development, Movie Making, Unicameral Youth Conference, and Horsemanship. Hosted by Nebraska 4-H and UNL faculty members, the camps held in June and July.

Early bird special — save 10% by registering before April 1! Information and applications are available at the extension office or online at bigredcamps.unl.edu, or by calling Peggy Jeffries at 472-2805.