

Have You Heard About A Tax Break for Low Income Workers

The RI Community Action Association's eight member agencies are once again sponsoring the Earned Income Tax Credit (EITC) program so that more eligible people can receive tax refunds and put more dollars into our State. Last year RI's Community Action Agencies completed 4,500 tax returns, generating \$7.7 million dollars into RI's Economy. Of these returns, the EITC program completed 1,771 returns, generating \$2.9 million dollars back into RI's Economy.



The Earned Income Tax Credit (EITC) is a federal income tax credit for low-income workers who are eligible for and claim the credit. A tax credit is a dollar-for-dollar reduction of taxes owed. Some credits are refundable – taxes could be reduced to the point that an individual would receive a refund rather than owing any taxes. The EITC is money for people who work but don't earn high enough income, and could use the EITC to put food on the table, move into better housing, invest in education, transportation, or save for the future.

DO YOU QUALIFY?

You may qualify for a maximum Earned Income Tax Credit. To claim the EITC, taxpayers must meet the following rules:

- Must have earned income from employment or self-employment
 - Must have a valid Social Security number
 - Filing status can't be "married filing separately"
 - Generally must be a U.S. citizen or resident alien all year, or a nonresident alien married to a U.S. citizen or resident alien and filing a joint return.
 - Cannot be qualifying child of another person
 - Cannot file Form 2555 or 2555-EZ (related to foreign earned income)
- (Other rules may apply)

DID YOU MEET THE RULES? IF SO, YOUR EARNED INCOME MUST BE LESS THAN:

The threshold amounts for 2010 tax returns follow:

- \$13,660 (\$18,740 if married filing joint) if you do not have a qualifying child
- \$36,052 (\$41,132 married filing jointly) if you have one qualifying child
- \$40,964 (\$46,044 married filing jointly) if you have two qualifying children
- \$43,998 (\$49,078 married filing jointly) if you have three or more qualifying children)

The maximum EITC for 2011:

- \$5,751 with three or more qualifying children
- \$5,112 with two qualifying children
- \$3,094 with one qualifying child
- \$464 with no qualifying children

- Do you have children? To be a qualifying child for the credit:
- The child must meet the relationship, age and residency tests described at www.irs.gov/eitc or in Publication 596, Earned Income Tax Credit.
- Special rules may apply for members of the U.S. Armed Forces and taxpayers in designated disaster areas.

NEED MORE INFORMATION?

All Community Action Agencies are Volunteer Income Tax Assistance (VITA) site. Volunteer Income Tax preparers have been trained to help people who qualify for the EITC program to receive the tax credits they deserve. This is a free service.

For more information about the EITC program call United Way 2-1-1 or visit the RICAA web site ~ <http://www.ricommunityaction.org>.



RHODE ISLAND COMMUNITY ACTION AGENCIES
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