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Earned Income Tax Credit gives working families a financial boost

Those who qualify may also be able to get their taxes done for free

Richmond, Va. – A special tax credit can help Virginia families and individuals make the most of their dollars and add to their financial security. Many low-to-middle income Virginians are eligible for the Earned Income Tax Credit (EITC), which can amount to a refund of [up to \\$5,657](#).

Tax filers who have never considered the EITC should take another look; many might qualify for the EITC if their employment status has changed, their income declined, their marital status changed or they have additional children in their family, according to Catherine Walker, EITC coordinator for the Virginia Department of Social Services (VDSS). “EITC has been making the lives of working people a little easier for 35 years,” Walker said.

Those who earned up to \$48,279 or less from wages, self-employment or farming in 2009 are encouraged to [see if they qualify](#). “To get the credit, you have to do two things,” Walker explained. “You must file a federal income tax return, even if your wages are not high enough to require you to file. And you must specifically ask for and claim the EITC credit. If you don’t do either one, you don’t get the money.”

The Internal Revenue Service (IRS) estimates one in four eligible taxpayers could miss out on this valuable tax credit because they are not aware of it or do not ask for it. “If everyone in Virginia who qualified took advantage of the credit, more than \$1 billion per year in federal EITC money would be funneled into the Commonwealth. It’s 100% federally funded. Because of that, it actually brings money into Virginia, invigorating our local economies. It’s a benefit to us all,” Walker said.

The most common uses of EITC refunds include medical care, dental work and car repairs. “Recipients often use their refunds to either purchase or repair a car, which makes a critical difference in securing and maintaining employment. Some filers open a [Virginia Individual Development Account](#). The EITC is one of the most effective poverty-fighting programs in the country,” Walker said.

The recent [Virginia Poverty Task Force Report](#) finds that the Commonwealth’s “aggressive promotion of the EITC program has resulted in approximately 500,000 households participating

in the program and benefiting from nearly \$1 billion in tax credits, or nearly \$2,000 per participating household.” The report cites that the EITC, as a cash refund to working families, lifts more than 25% of children out of poverty and is one of the poverty reduction programs with the greatest impact.

Those who qualify for the EITC also are eligible for an additional perk that can save them hundreds of dollars – free tax preparation. Volunteers will prepare tax returns at numerous sites. Call 1-800-906-9887 for details.

The 2010 EITC season officially kicks off on Jan. 29, [EITC Awareness Day](#).

More information:

www.dss.virginia.gov

www.irs.gov/individuals/article/0,,id=96406,00.html

Documentation needed for tax preparation:

<http://www.dss.virginia.gov/files/division/cvs/pi/eitc/about/bring.pdf>



- :22, Carolyn Spohrer, Virginia Community Action Partnership and volunteer tax preparer, explains many who qualify don't take advantage of the credit

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Editor's note: Interviews are available upon request. For additional story ideas and information, contact Carla Harris, VDSS, (804) 726-7107 or carla.harris@dss.virginia.gov.