



Earned Income Tax Credit:

Helping Eligible
Employees
and Clients
Access EITC

A Tool Kit for Nonprofit Agencies



Dear National Assembly Members, Member Affiliates, and Partners:

Don't let your employees or clients miss out on important federal tax benefits that may be worth more than \$4200! The National Assembly's Family Strengthening Policy Center (FSPC), with support from the Annie E. Casey Foundation, brings you this Earned Income Tax Credit (EITC) Tool Kit to:

- mobilize participation in the Earned income Tax Credit program (EITC) by Assembly members and affiliates
- mobilize EITC outreach by member and affiliate front line staff to help low-income clientele claim these tax credits that amount to a substantial income boost for qualified workers

The National Assembly and its members are devoted to strengthening families with a vengeance—a key strategy to achieving our vision of a just and caring nation. What better way to do that than to put thousands of dollars in the hands of eligible working families every year? The Center on Budget and Policy Priorities says of the EITC:

- The EITC is a federal tax benefit designed to help low-income workers increase their financial stability by reducing taxes for these workers, supplementing wages, and making work more attractive than welfare.
- The EITC is a federally funded antipoverty initiative that helps working people maintain their independence from the welfare system.
- The EITC takes on added importance during an economic downturn because families that loose income badly need the boost provided by the tax credit.

In 2003, more than 21 million working families and individuals received the EITC. Yet, research indicates that 15 to 20 percent of those who are eligible each year fail to claim their credit, either because they are unaware of it or cannot obtain the help they need to file a tax return. By promoting the EITC, you help low- and moderate-income workers take advantage of the tax benefits they've earned.

Help your limited income employees, colleagues, and clients benefit from this powerful antipoverty investment strategy. National Assembly members, affiliates of members, and others are urged to adapt and spread the word about the the EITC.

For more information about the National Assembly visit our website at www.nassembly.org or contact 202.347.2080; 1319 F Street, NW, Suite 601, Washington, DC, 20004; or email us at joel@nassembly.org. For more information on EITC, visit The National Tax Assistance for Working Families Campaign at www.eitc.info.

Irv Katz
President and CEO
National Assembly of Health and Human Service Organizations

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About the National Assembly of Health & Human Service Organizations

The National Assembly of Health and Human Service Organizations is an association of the nation's leading national non-profits in the field of health and human services. Many member organizations are national offices of large networks of local health & human service organizations. Others are national research or resource organizations or national programs.

AARP	COUNCIL ON ACCREDITATION FOR CHILDREN AND FAMILY SERVICES	NATIONAL MENTORING PARTNERSHIP
ALLIANCE FOR CHILDREN AND FAMILIES	CHILDREN AND FAMILY SERVICES	NATIONAL NETWORK FOR YOUTH
ALLIANCE OF INFORMATION & REFERRAL SYSTEMS	FAMILIES, 4H, AND NUTRITION	NATIONAL URBAN LEAGUE
AMERICAN ASSOCIATION OF HOMES AND SERVICES FOR THE AGING	FORUM FOR YOUTH INVESTMENT	NATIONAL YOUTH EMPLOYMENT COALITION
AMERICAN CAMPING ASSOCIATION	FRIENDS OF THE CHILDREN	NEIGHBORHOOD REINVESTMENT CORPORATION
AMERICAN CANCER SOCIETY	GENERATIONS UNITED	NONPROFIT RISK MANAGEMENT CENTER
AMERICAN FOUNDATION FOR THE BLIND	GIRL SCOUTS OF THE USA	POINTS OF LIGHT FOUNDATION
AMERICAN HEART ASSOCIATION	GIRLS INCORPORATED	SAVE THE CHILDREN
AMERICAN HUMANE ASSOCIATION	HOSTELLING INTERNATIONAL- USA	SCHOLARSHIP AMERICA
AMERICA'S PROMISE - THE ALLIANCE FOR YOUTH	I HAVE A DREAM FOUNDATION	SEARCH INSTITUTE
ASSOCIATION OF JEWISH FAMILY AND CHILDREN'S AGENCIES	JOINT ACTION IN COMMUNITY SERVICE	SOS CHILDREN'S VILLAGES—USA
ASSOCIATION OF JUNIOR LEAGUES INTERNATIONAL INC.	KABOOM!	STREET LAW, INC.
BIG BROTHERS BIG SISTERS OF AMERICA	LUTHERAN SERVICES IN AMERICA	THE SALVATION ARMY
BOY SCOUTS OF AMERICA INC.	NATIONAL 4-H COUNCIL	TRAVELERS AID INTERNATIONAL
BOYS & GIRLS CLUBS OF AMERICA	NATIONAL ALLIANCE FOR HISPANIC HEALTH	UNITED JEWISH COMMUNITIES
CAMP FIRE USA	NATIONAL ASSOCIATION FOR PARENTS OF CHILDREN WITH VISUAL IMPAIRMENTS, INC.	UNITED NEIGHBORHOOD CENTERS OF AMERICA
CAMPAIGN FOR TOBACCO-FREE KIDS	NATIONAL BENEVOLENT ASSOCIATION	UNITED SEAMEN'S SERVICE
CHARACTER COUNTS	NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN	UNITED WAY OF AMERICA
CHILD WELFARE LEAGUE OF AMERICA	NATIONAL COUNCIL ON THE AGING, INC.	VOLUNTEERS OF AMERICA
COALITION FOR JUVENILE JUSTICE	NATIONAL CRIME PREVENTION COUNCIL	WOMEN IN COMMUNITY SERVICE (WICS)
COMMUNITIES IN SCHOOLS	NATIONAL FOUNDATION OF DENTISTRY FOR THE HANDICAPPED	YMCA OF THE USA
CORE: COALITION FOR RESIDENTIAL EDUCATION	NATIONAL INDUSTRIES FOR THE BLIND	YOUTH CRIME WATCH OF AMERICA
	NATIONAL MENTAL HEALTH ASSOCIATION	YOUTH SERVICE AMERICA
		YWCA OF THE USA

What is the Earned Income Tax Credit (EITC)?



It is a refundable Federal tax credit for eligible individuals and families who work and have earned income under \$33,692 (\$34,692 for married filing jointly).

It reduces the amount of tax that is owed, and it may provide a refund.

The EITC is the largest cash transfer program for low-income parents in the United States. When it was first introduced in 1975, the maximum value was \$400 per family. Today, the maximum value may exceed \$4200 on tax filings less than \$34,692, married filing jointly, or \$33,692 individual. Additionally, many families qualify for the Child Tax Credit worth up to \$1000 for each child.

Annie E. Casey Foundation and The Center on Budget and Policy Priorities.

Over the past 25 years, the EITC has grown through large increases in benefits and expanded eligibility. In 1998, EITC was responsible for lifting more children out of poverty than all other means-tested programs combined.

Who Knows about the Earned Income Tax Credit?, (Porter et al. 1998) Urban Institute.

More than 20 million working families and individuals received the EITC in 2003, claiming more than \$36 billion in EITCs alone. Most is spent locally, serving as an economic development tool for low-income neighborhoods. Yet research indicates that 15 to 20 percent of those who are eligible each year fail to claim their credit because eligible workers are unaware of it or cannot obtain help needed to file their tax return.

The Center on Budget and Policy Priorities.

Helping Eligible Employees and Clients Access EITC

NATIONAL ASSEMBLY / FAMILY STRENGTHENING POLICY CENTER • 1319 F STREET NW, 601 WASHINGTON DC, 20004 • (202) 347-2080 • www.nassembly.org

About Us

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What is EITC?

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EITC FAQs

Source: Internal Revenue Service IRS.gov



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The EITC is a refundable Federal tax credit for eligible individuals and families who work and have earned income under \$33,692 (\$34,692 for married filing jointly). The EITC reduces the amount of tax you owe, and it may give you a refund.

Who can claim the credit?

You may qualify for the EITC if you have a valid Social Security Number, you are a U.S. citizen or resident alien, and your salary is less than the following:

- \$11,230 (or \$12,230 if married and filing jointly) with no children
- \$29,666 (or \$30,666 if married and filing jointly) with one child
- \$33,692 (or \$34,692 if married and filing jointly) with two or more children

What if I was denied the EITC last year?

Complete Form 8862 if you want to claim this year and if you received a notice of deficiency denying your earned income tax credit for a previous year.

Who is a qualifying child?

Your son, daughter, adopted child, grandchild, great-grandchild, stepchild, or eligible foster child who lived with you in the United States for more than half of the tax year and at the end of the tax year:

- was under age 19, or
- under age 24 and a full-time student, or
- permanently and totally disabled at any age during the year

What is Earned Income?

Earned income includes all the taxable income and wages you get from working. There are two ways to get earned income:

- You work for someone who pays you, or;
- You work in a business you own.

What is taxable earned income?

- Wages, salaries, and tips
- Union strike benefits
- Long-term disability benefits received prior to minimum retirement age
- Net earnings from self-employment

What is the advance Tax Credit (advance EITC)?

The advance EITC allows those taxpayers who expect to qualify for the Earned Income Tax Credit (EITC), and have a least one qualifying child, to receive part of the credit in each paycheck during the year the taxpayer qualifies for the credit.

Where can I get more information?

- IRS publication 598, *Earned Income Credit*, explains the rules to qualify for and to claim the EITC and Advance EITC.
- A free copy of IRS forms and publications is available for download or by calling the Internal Revenue Service at 1-800-829-3676.
- Visit your local library. Most library's have free access to computers connected to the Internet. You can download IRS forms there if you do not have a computer at home.
- Call the IRS at 1-800-829-1040 for the location of a VITA (Volunteer Income Tax Assistance) center near you.
- Call 2-1-1, an easy to remember telephone number that connects people with important community services and volunteer opportunities including VITA.

Running an EITC Campaign

Why Run a Campaign?

Promoting the EITC is good for everybody:

- The EITC provides critical financial help. The tax credits provide critical financial help to all employees especially those hurt by the economic slump through job loss or wage cuts.
- Rewards people who work. The EITC rewards people who find and keep a job by adding to the wages they earn. They are vital work supports, helping many make the transition from public assistance into the labor force.
- Builds neighborhood capacity. Since most EITC benefits are spent locally, the EITC is an economic development boost for low-income neighborhoods.
- Increases retirement savings. Organizations administering IDA programs (Individual Development Accounts), matched savings accounts, can help workers save for retirement and reduce income taxes because EITC refunds or advances make it more feasible for workers to make the modest monthly deposits required by IDAs.

Millions of eligible workers miss out on important federal tax benefits because they do not know they qualify, do not know how to claim the credits, or do not know where to find free tax filing assistance.

Employer, Employee, and Client Benefits

National Assembly members are urged to promote the EITC to their employees. Members also are encouraged to urge their affiliates to do the same. Whether you're the national office or an affiliate, it's good business to promote the EITC.

Employer Benefits

- Increases trust. Educating employees about the EITC enables employers to build trust and gives employees the ability to supplement their incomes.
- Increases take home pay. EITC benefits increase the take-home pay of employees at no cost to the business.

- Reduces employee turnover. Helping employees support themselves and their families can reduce turnover in the workplace.

Benefits for Eligible Workers: Employees and Clients

- Employees/workers keep more of the money they earn. This year, the EITC is worth more than ever—\$4,204 for some families. Many families also may qualify for the Child Tax Credit (CTC), worth up to \$1,000 for each child.
- It's easy to do. The EITC does not require an interview with a caseworker or a trip to a government office. Eligible workers apply by filing a tax return.
- Free tax help is available. VITA (Volunteer Income Tax Assistance) provides free tax help to people whose incomes are \$35,000 or less. VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls and other convenient locations. To obtain the location, dates and hours of the volunteer site closest to you, call the IRS toll-free at 1-800-829-1040.

How to Run an EITC Promotional Campaign

This Tool Kit provides samples, resources, and information to help run an EITC awareness campaign. The materials help you inform eligible employees, affiliates, and clients about the tax credits, motivate them to file their tax returns, and link them with opportunities to obtain free tax filing assistance. Help your employees and clients. You don't need to be a tax expert to promote the Earned Income Tax Credit!

Suggested campaign types:

- A National Assembly member runs an EITC promotional campaign that targets employees in their office.

- The member launches a network-wide effort to reach all affiliates and respective clients. They set priorities, provide information, talk about it through their national information dissemination venues (newsletters, web sites, and conferences), and provide training to front line staff to prepare them to inform clients.

- A member's affiliate runs its own internal EITC promotional campaign.
- A member's affiliate trains staff to reach clients.
- A member's affiliate launches a multi-agency or community wide effort to inform eligible families.

Pass it along! Share this Tool Kit with others.

Download as many copies as you want by visiting www.nassembly.org. Note that using the Word version of the document allows you to insert your organization's logo and individualize the materials.

Promotional Activities Timeline

December/January—Include EITC education materials in paychecks and when distributing W-2 forms. Begin educating employees about the EITC through staff meetings and posted materials.

February—The peak number of EITC claims are filed this month, and volunteer Income Tax Assistance (VITA) centers begin opening. Continue educating employees about the EITC with staff meetings and posted materials, making sure they know the definition of the EITC, eligibility requirements, and the benefits and locations of VITA centers.

March—Make your final informative push before tax deadlines! Promote EITC, advertise VITA center locations, and sign up new Advance EITC filers.

Ongoing—Include information about EITC in all new employee orientation packets. Also, have front line workers provide information about the EITC, regularly, to clients. Employees and clients must reapply for Advance EITC each calendar year. You can distribute W-5 forms to interested employees and remain available for employee questions year-round. Inform front line workers to remind clients to request W-5 forms from their respective employers.

Models: How Other Companies Help Workers Get the EITC

The following case studies demonstrate how two companies and one nonprofit help workers receive the EITC and Advance EITC.

CVS

CVS partners with community nonprofit and faith-based centers to offer life-skills training, fully incorporating the Advance EITC into the financial planning component of the program. It has been so successful that more CVS employees file for the Advance EITC than file for the standard EITC.

Corporate Voices for Working Families

Marriot International, Inc.

Marriot International, Inc. uses a toll-free line, the company intranet and newsletters to make its employees aware of the benefits of filing for the EITC. Marriot also began a program offering free tax advice onsite in their hotels and encouraging other employees to volunteer to help.

Corporate Voices for Working Families

ACORN

ACORN, (Association of Community Organizations for Reform Now) is the largest organization of low and moderate-income families, with 750 neighborhood chapters nationwide. On January 13, 2004, they launched a national campaign in 43 cities against predatory lenders who offer Refund Anticipation Loans (RALs) at high interest rates so that people can get their tax refund money back a few days faster. The campaign urges families who may be eligible for EITC to file and to use free tax preparation sites.

Points of Light Foundation & Volunteer Center National Network



**Earned
Income Tax
Credit**

Samples You Can Use



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Credit**

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Ongoing

Include information about EITC in all new employee orientation packets. Employees must reapply for Advance EITC each calendar year. You can distribute W-5 forms to interested employees and remain available for employee questions year-round.

Promote the EITC to employees, affiliates and clients.

- Workers keep more of the money they earn—\$4,204 for some families.
- It's easy to do. The EITC does not require an interview with a caseworker or a trip to a government office. Eligible workers apply by filing a tax return.
- Free tax help is available. Connect employees and clients to VITA to help them keep all they earn.

Samples You Can Use



**Earned
Income Tax
Credit**

Employee/Worker/Client Information

Use the following information for paycheck stuffers, handouts, and bulletin boards.

**YES!
I want to
keep more
of what
I earn!**

**The Earned
Income Tax
Credit (EITC)
provides tax
refunds to
eligible working
families.
You and your
family could
get up to
\$4,200 back!**

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Where can I get more information?

For more information on the EITC, talk to your employer or call the IRS at 1-800-829-1040 for the location of a Volunteer Income Tax Assistance (VITA) center near you.

Resources



IRS publication 598, *Earned Income Credit*, explains the rules to qualify for and to claim the EITC and Advance EITC.

A free copy of IRS forms and publications is available for download or by calling the Internal Revenue Service at 1-800-829-3676.

Visit your local library. Most library's have free access to computers connected to the Internet. You can download IRS forms there if you do not have a computer connected to the Internet at home.

Call the IRS at 1-800-829-1040 for the location of a VITA (Volunteer Income Tax Assistance) center near you.

Call 2-1-1, an easy to remember telephone number that connects people with important community services and volunteer opportunities including VITA. To find out if your community has 2-1-1, visit www.211.org/.

The Center on Budget and Policy Priorities, *2004 EITC Kit*, www.cbpp.org.

Corporate Voices for Working Families, *Earned Income Tax Credit Tool Kit*, www.cvworkingfamilies.org.

The National Community Tax Coalition is a technical assistance source for free tax preparation with lots of free online materials. Visit www.tax-coalition.org.

National Council on Aging: www.ncoa.org. Their free benefits check up screens seniors' eligibility for benefit programs.

Points of Light Foundation & Volunteer Center National Network. Visit the EITC and Asset Development webpages at www.pointsoflight.org/programs/eitc.cfm for information on their efforts to reach non-filers and those who resort to paid tax providers.

Promotional Activities Time Line. Give this time line to all who help you spread the word about the EITC.

The National Tax Assistance for Working Families Campaign: www.eitc.info. The Annie E. Casey Foundation established this campaign to help build the capacity of local initiatives and increase awareness about the benefits of EITC