

Union Has Tips for Members

We all know that filling out income tax forms can be tedious. In fact, in many cases just the thought of filling out tax forms causes people to delay doing so. But completing and filing your tax returns on time is important for several reasons, not the least of which is that you are required by law to do so. And if that isn't a good enough reason try this: it is the only way to obtain tax credit money or overpayments that may be due to you. So while filing taxes is a tedious task it is also a necessary one. That's why Local 153 has some tips that may make it a little easier for you.

Several years ago the New York City Department of Consumer Affairs ran a tax preparation discount program that proved to be very popular with our members. But that program was discontinued last year. Nevertheless, there are many locations in New York City and elsewhere that provide free or low-cost tax preparation services. We'll tell you how to find these places in this article, while also explaining some of the tax credits that may be available to you.

The most important tax credit is called the Earned Income Tax Credit (EITC). It is a refundable credit that returns federal, New York State, and New York City tax dollars to qualifying families and individuals to help cover basic expenses. We have good news for New Jersey residents, too. Like New York State, the State of New Jersey has its own EITC. New Jersey residents can go to this website for more information on their state EITC: state.nj.us/treasury/taxation/eitcinfo.shtml Sorry, Connecticut residents, the Nutmeg State does not have an EITC. but Connecticut residents should still take advantage of the federal EITC.

With an average payment of more than \$2,700 per year to qualifying households, the EITC helps hard-working families make ends meet. In order to claim the EITC, however, you must have earned income and must file a tax return. The maximum EITC credit depends on a number of factors including filing status, the number of qualifying children, and income.

Families with at least one child that earn below a certain amount (after deductions) can qualify for the EITC. Here is a list of qualifying factors for the federal EITC:

\$48,279 or less (if you are married and filing jointly), or \$43,279 or less (if you are single) and you are supporting three or more qualifying children.

\$45,295 or less (if you are married and filing jointly), or \$40,295 or less (if you are single) and you are supporting two qualifying children.

\$40,463 or less (if you are married and filing jointly) or \$35,463 or less (if you are single) with one qualifying child.

\$18,440 (if you are married and filing jointly) or \$13,440 or less (if you are single) with no qualifying children.

Many Local 153 members who are part-time workers will qualify for the EITC. So will many members who are single parents.

It is important to remember that the EITC is a credit, not a tax refund, and this means that workers can qualify for the EITC even if they do not earn enough money to pay taxes. Workers should also remember that the EITC is available retroactively for up to three years. This means that if you qualified for the EITC for the years 2006, 2007 and 2008 and did not claim it on the tax forms you filed in 2007, 2008 and 2009, you are still entitled to the money if you put a claim in for it on the tax return you file this year.

Do you qualify for the EITC? If so, how do you obtain it? The answer to both these questions can be found by making sure you file a tax return even if you don't owe any taxes. Remember, the only way you can claim EITC money or receive all the tax refund money that is due to you is by filing a tax return.

Also, the New York City Child Care Tax Credit is available to help NYC-resident families pay for child care expenses. If you earned \$30,000 or less last year and paid child care expenses for children aged three and under, you may qualify for this local tax credit of up to \$1,733.

As stated above, there are many locations in New York where residents can get free or low-cost help in filing their taxes. If you are a New York City resident and want to find out if you qualify for free or low-cost tax preparation services you can call 311 or visit the website nyc.gov/consumers to find out. The website also provides a list of all locations in the city that offer free or low-cost tax help. Furthermore, the website reviews the tax credits like EITC that may be available to you.

If you live outside New York City and are looking for free or low-cost assistance in filling out and filing your tax forms the IRS itself has recommended places to go. There are various income levels required to qualify for this service, which is called the Free File program. For more information go to the agency's website (IRS.gov) and click on "Individuals" on the menu and then click on "Free File Home."

The Free File program provides free federal income tax preparation and electronic filing for eligible taxpayers through a partnership between the Internal Revenue Service and the Free File Alliance LLC, a group of private sector tax software companies. Many of these companies also offer free or paid state tax preparation and e-filing services.

With all Free File options you can know that your return is safe and secure and you can receive a quick IRS confirmation, within 48 hours, that your return was received. You can also get your refund in a few as 10 days with Direct Deposit. There are other things of value at the agency's website (IRS.gov). As an example, you can download forms and

learn more about the EITC, the first-time homebuyers tax credit and other money-saving tips.

While many Local 153 members will qualify for free or low-cost tax preparation services, many other members will not. These members may use the Union Plus Online Tax Preparation Service to save some money. Go to unionplus.com for additional details. Other members may choose to use a professional tax preparation service like H & R Block, Liberty and Jackson Hewitt, etc. While the professional services can cost \$50 or more, studies have found that they often result in better refunds. But members who use these services should also beware of the Refund Anticipation Loans (commonly known as RALs) offered by these tax preparers. RALs are “instant” loans offered by tax preparers that usually come with extremely high interest rates and fees that greatly reduce the amount of any refund. Remember, you are not required to take out an RAL from your tax preparer. If you are offered an RAL by your tax preparer, you can — and you should — simply refuse.