



Earned Income Tax Credit a boost to Wisconsin's working families

The Earned Income Tax Credit (EITC) offers a welcome boost in income for many low- and moderate-income families. Both federal and state earned income credits are available, and together they can be worth anywhere from a few dollars to over \$7000. However, taxpayers have to claim the credits on their tax returns in order to receive them; every year, thousands who are eligible miss out.

Eligibility varies based on income as well as household composition. People may be eligible with incomes as high as \$49,078. "Many people who did not qualify in past years may be newly eligible because of lower earnings stemming from the tough economy," says Judith Bartfeld, Extension food security research and policy specialist and professor at UW-Madison.

Eligible taxpayers can get their EITC only if they file federal income tax returns--even if they are not otherwise required to file--and specifically claim the credit. Those who are eligible for the federal credit and have qualifying children can also receive an additional state-earned income credit--as long as they file a Wisconsin tax return.

Roughly one-third of the population that is eligible for the EITC changes every year, so many who qualify are not familiar with the credits and may miss out. The IRS estimates that one in five eligible workers does not claim the credit. People more likely to miss out include those with a recent change in circumstances, non-English speakers, those who would not otherwise have to file tax returns due to low income, and people in nontraditional families such as grandparents raising grandchildren.

In addition to the federal and state earned income credits, renters and homeowners with incomes of less than \$24,680 may qualify for the Wisconsin Homestead Credit, worth up to \$1,160. This credit is designed to lessen the impact of rent and property taxes on low- and moderate-income households.

Cooperative Extension family living specialists have developed a website to offer people more information about tax credits at <http://fyi.uwex.edu/eitc/>. The website provides up-to-date information on eligibility and benefits, as well as links to tax forms, outreach materials, and more. Extension educators do not prepare taxes, but they provide access to resources and information for Wisconsin residents.

Taxpayers can get free help determining their eligibility and claiming the credit in Wisconsin at a Volunteer Income Tax Assistance (VITA) or Tax Credit for the Elderly (TCE) site that provides service to low and middle-income tax filers.

To find a VITA site near you, visit <http://fyi.uwex.edu/eitc/vita-sites/>

To find a TCE site near you, visit: <http://www.aarp.org/money/taxaide/>.

To help tax preparers determine your eligibility for the EITC, bring along as much of the following information as possible:

- Photo identification
- Valid Social Security cards for the taxpayer, spouse and dependents
- Birth dates for primary, secondary and dependents listed on the return

- Current year's tax package, if received
- Wage and earning statements—Form W-2, W-2G, 1099-R from all employers
- Interest and dividend statements from banks (Form 1099)
- Copy of last year's federal and state returns, if available
- Bank routing numbers and account numbers for direct deposit
- Any other relevant information about income and expenses
- Total paid for day care
- Day care provider's identifying number

For more information, visit the IRS website at <http://www.etc.irs.gov/central/main/>

To learn more about keeping pace with day-to-day expenses and living on a budget, contact Donna Doll-Yogerst, Oconto County UW-Extension Family Living Agent, at 920-834-6846, 301 Washington Street, Oconto WI 54153 or by e-mail at donna.doll-yogerst@ces.uwex.edu. You can always leave a voice mail message at 920-834-6846. 711 for Relay.