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Early Care and Education Consortium

TAX CREDITS OUTREACH: INFORMATION FOR CHILD CARE PROVIDERS

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POLLING QUESTION

Do the centers you work with do outreach on tax credits to their families and staff?

- **No**
- **They are interested but need help**
- **They have done some outreach but want to step it up**
- **They are on board. There are some centers who even run VITA sites!**

FEDERAL TAX CREDITS CAN HELP PUT MONEY BACK IN FAMILIES' POCKETS.

- **The federal Earned Income Tax Credit can be worth up to \$5,891 in 2012.**
- **The federal Child Tax Credit can be worth up to \$1,000 per child – and for 2012, is refundable for very low-income families.**
- **The federal Child and Dependent Care Tax Credit can be worth up to \$2,100.**

AND MANY STATES ALSO OFFER TAX BENEFITS TO FAMILIES:

In 2012:

- **Twenty-four states offer EITCs;**
- **Twenty-eight states offer child care credits; and**
- **Three states offer child tax credits.**



A TAX CREDIT CAN LOWER THE TAXES YOU OWE OR INCREASE YOUR REFUND.

- If the tax credit is **nonrefundable**, it will lower a family's tax bill -- at most, down to zero.
- If the tax credit is **refundable**, families may be able to receive some of their tax credits as a refund, even if they don't owe taxes.
 - So which are the refundable credits?
 - The federal **Earned Income Tax Credit**;
 - The federal **Child Tax Credit**;
 - Twelve state child care credits and 21 state EITCs.

SADLY, the federal Child and Dependent Care Tax Credit is not refundable.



TAX REFUNDS CAN HELP FAMILIES SAVE FOR A RAINY DAY.

- **Families can use their refunds to create an emergency fund or build up savings.**
- **If families use direct deposit, they can split their refunds – for example, put a little money into a savings account and the rest into a checking account.**
- **Many EITC coalitions can help families save and build assets.**



EARNED INCOME TAX CREDIT

The federal **Earned Income Tax Credit** is a wage supplement for low- and moderate- income families.



HOW MUCH IS THE EITC WORTH?

- **Up to \$5,891 for a family with three or more children who earned less than \$45,060 (\$50,270 married filing jointly) in 2012.**
- **Up to \$5,236 for a family with two children who earned less than \$41,952 (\$47,162 married filing jointly) in 2012.**
- **Up to \$3,169 for a family with one child who earned less than \$36,920 (\$42,130 married filing jointly) in 2012.**
- **Up to \$475 for an individual without qualifying children who earned less than \$13,980 (\$19,190 married filing jointly) in 2012.**

THE CHILD TAX CREDIT

A family can claim **\$1,000 per child, no matter how many children they have.**

Example: Mike and Carol Brady have 6 children. They can claim a **\$6,000 Child Tax Credit.**



THE CHILD TAX CREDIT -- REFUND

If a family does not owe enough taxes to use all of its **Child Tax Credit**, it may be eligible for a refund.

The family will receive either

- 15% of their income above **\$3,000** or
- the amount of the Child Tax Credit that exceeds their tax liability, whichever is less.
- **Example:** A parent earning \$8,500 with no income tax liability will receive a refund of **\$825** from the Child Tax Credit.

THE CHILD AND DEPENDENT CARE TAX CREDIT

- **The Child and Dependent Care Tax Credit can help families meet their child and dependent care expenses.**
- **Any kind of child care – a center, a family day care home, a church, or a neighbor's or relative's house – qualifies.**

HOW MUCH IS THE CHILD AND DEPENDENT CARE TAX CREDIT WORTH?

- Families can claim up to **\$6,000** in child care expenses for two or more children or dependents, or **\$3,000** for one child or dependent.
- Depending on their income, a family receives between **20 and 35%** of qualifying child and dependent care expenses.
- So the credit is worth a maximum of **\$2,100** for two children or dependents and **\$1,050** for one child or dependent.

Because this credit is nonrefundable, families can use it to reduce their tax liability or increase their refunds.

ONE IMPORTANT THING TO REMEMBER ABOUT THE CHILD AND DEPENDENT CARE TAX CREDIT:

The care must be employment-related – that is, the adults in the family must use the child care so that they can work or look for work.



THE CHEAT SHEET:

The credit	To be eligible, a family needs	Age of qualifying children	Maximum credit value
EITC	Earned income, but not more than \$50,270 for married couple with 3 kids	Under 19, or under 24 if a full-time student	\$5,891
CTC	\$3,000 in earned income for refund	Under 17	\$1,000 per child
CDCTC	Work-related child care expenses	Under 13	\$2,100

RECENT IMPROVEMENTS TO FEDERAL TAX CREDITS

The Child and Dependent Care Tax Credit was improved in 2001-2003 (increasing the maximum value from \$1,440 to \$2,100).

The American Recovery and Reinvestment Act of 2009:

- **increased the value of the EITC for families with three or more children, and for some married couples, for tax years 2009 and 2010.**
- **reduced the amount that a family must earn in 2009 and 2010 in order to receive part of their Child Tax Credit as a refund (from \$8,500 in 2008 to \$3,000).**

In December 2010, these improvements were extended through the end of 2012.

WHAT'S NEXT FOR THE FEDERAL TAX CREDITS

- **December 2012 expiration dates for EITC, CTC, and CDCTC improvements.**
- **Broader tax reform debates in 2013**
- **What's at risk?**
 - Value of federal credits could decrease
 - Substantive changes to the credits
 - Any changes to the federal credits would affect state credits that are based on those credits!
- **Some states have cut back on their tax credits.**



CHILD CARE PROVIDERS CAN HELP FAMILIES LEARN ABOUT VALUABLE FEDERAL AND STATE TAX CREDITS.



A few easy actions can
make a big difference.

YOU CAN TAKE FIVE EASY STEPS TO HELP CENTERS INFORM FAMILIES ABOUT TAX CREDITS.

- **Get the facts about tax credits.**
- **Get the facts about free tax preparation services.**
- **Partner up to expand your reach.**
- **Spread the word to families with children.**
- **Gather success stories.**

All of this information is available in NWLC's Toolkit, available next week (10/23) at www.nwlc.org/loweryourtaxes.

GET THE FACTS – ABOUT TAX CREDITS.

Free materials on tax credits are available.

- Visit www.nwlc.org/loweryourtaxes to download free state-specific fliers and other materials.
- Visit www.eitcoutreach.org for information and materials on the federal EITC and the Child Tax Credit.
- The IRS has a special webpage focusing on the EITC. Visit www.eitc.irs.gov/central/abouteitc/.



FAMILY TAX CREDITS

TAX YEAR 2012

FAMILIES IN ALABAMA: GET THE TAX CREDITS YOU DESERVE!

Whether or not you owe any income tax, you could get thousands of dollars back in tax credits.



You could qualify for:

- Up to **\$2,100** from the federal Child and Dependent Care Tax Credit.
- Up to **\$5,891** from the federal Earned Income Credit.
- Up to **\$1,000** per child from the federal Child Tax Credit.

More families than ever are eligible for these credits this year. TO GET THESE CREDITS, YOU MUST FILE A TAX RETURN.

Find out where you can get FREE help with your taxes by calling the IRS toll-free at (800) 906-9887. Or go to www.irs.gov/Individuals/Find-a-Location-for-Free-Tax-Prep.



NATIONAL WOMEN'S LAW CENTER TAX CREDITS OUTREACH CAMPAIGN 2013 TAX FILING SEASON

GET THE FACTS – ABOUT FREE TAX PREPARATION HELP.

- **The IRS-sponsored VITA Program offers free tax help to low- to moderate-income (generally, \$48,000 and below) people. Call the IRS' free hotline at 1-800-906-9887 to locate a VITA site near you. You can also visit <http://irs.treasury.gov/freetaxprep/>.**
- **The IRS also coordinates with AARP to offer tax help to people of low-to-middle income, with special attention to those age 60 and older, through a program called Tax-Aide. Call 1-888-227-7669 or visit <http://www.aarp.org/money/taxaide/> to locate an AARP-sponsored Tax-Aide site near you.**

PARTNER UP TO EXPAND YOUR REACH.

- **Work with EITC coalitions.**
- **Work with advocacy organizations or the R&R in your community.**
- **Work with the state child care agency.**
- **Work with community colleges.**



CONNECTING WITH A COALITION

There may be one in your hometown!

- **The National EITC Partnership website:**

www.cbpp.org/eitc-partnership

- Directory of local partnerships, by state
- List of IRS Territory Managers who work with organizations in the state
- Contact people for national organizations
- **Your United Way or Goodwill may be active**

SPREAD THE WORD TO FAMILIES WITH CHILDREN.

We have resources that you can use:

- **Fliers.**
- **Newsletters.**
- **Websites and social media.**
- **Phone scripts.**
- **Media templates.**



SPREAD THE WORD WITH FREE FLIERS.

You can download free state-specific fliers at www.nwlc.org/loweryourtaxes.

- **Post them in centers.**
- **Send them home with the children in early January.**
- **Put one in the break room and send copies home with staff!**

USE NEWSLETTER ARTICLES.

- **Towards the end of the year, put a short article about tax credits in your newsletter – many families file their taxes in January!**
- **Put a reminder in your spring newsletter for families who are late filers.**

NWLC would be happy to tailor a newsletter article for any center. Email aqualliotine@nwlc.org.

SAMPLE NEWSLETTER ARTICLE. . . .

Help Families Claim Valuable Tax Credits - Worth More Than Ever This Year!

You can make a difference by educating low- and moderate-income families about federal and state tax credits that can help put thousands of dollars in their pockets! When they file their taxes for 2012 in early 2013, families may be eligible to claim valuable federal tax credits, such as:

- **Earned Income Tax Credit, which helps provide a wage supplement for low and moderate-income families (those earning less than \$50,270 annually). This credit is worth up to \$5,891, and is refundable.**
- **Child Tax Credit, designed to help families offset some of the costs of raising children. This credit is worth up to \$1,000 per child. Families who owe little or no income tax can receive some or all of this credit as a refund if they earned at least \$3,000 in 2012.**
- **Child and Dependent Care Tax Credit, designed to offset some of the child or dependent care costs that families incur in order to work. This credit is worth up to \$2,100, though the amount that can be claimed is limited by a family's actual federal income tax liability.**

Many states offer their own child and dependent care tax credits and earned income tax credits, and a few offer child tax credits as well.

Families have to know about the credits in order to claim them on their state and federal tax returns.

- **To download information about federal and state tax credits, visit the National Women's Law Center's Tax Credits Outreach Campaign webpage at www.nwlc.org/LowerYourTaxes.**
- **To find out about free tax preparation assistance in your area, call the Internal Revenue Service toll-free at (800) 906-9887 or visit <http://irs.treasury.gov/freetaxprep/>.**
- **For more information, contact Amy Qualliotine at aqualliotine@nwlc.org.**

USE YOUR WEBSITE AND SOCIAL MEDIA!



Put tax credit information on your website.

- Link to www.nwlc.org/loweryourtaxes.
- Link to the IRS' VITA site locator at <http://irs.treasury.gov/freetaxprep/> or a local VITA site.

Use Facebook or Twitter.

- Post updates or educational images on Facebook.
- Like NWLC's Facebook page for updates and sharable content.
- NWLC has sample tweets and an easy-to-use image in our Toolkit.

BE PREPARED TO GIVE INFORMATION OUT OVER THE PHONE.

- **Have your receptionist tell families who call that there is information about tax credits on your website or in your office.**
- **If you have a pre-recorded message, mention tax credits resources.**
- **If your community has a 211 service, ask if those operators can give out tax information.**



HOLD A PARENT MEETING.

- **At the beginning of January, set up a time when parents can come learn about tax credits.**
- **The National Women's Law Center can help connect you with resources and speakers in your community. Email aqualliotine@nwlc.org for more information.**
- **Pass out fliers and make sure parents know where to go for more information.**

NWLC CAN HELP!

Please don't hesitate to ask if we can help:

- **Customize newsletters or other materials for centers;**
- **Find speakers or connect centers with resources in their communities;**
- **And let us know what works and what doesn't!**

Contact Amy Matsui at amatsui@nwlc.org
or Amy Qualliotine at
aqualliotine@nwlc.org.



POLLING QUESTION

- **We hope this webinar has been useful for you. Please let us know what you thought (yes/no):**
- **Was the presentation too long?**
- **Did the presentation give you enough detail?**
- **Do you know where to go for more information?**
- **On a scale of 1 to 5, with 1 being the least helpful and 5 being the most helpful, how helpful was this webinar to you? (1,2,3,4,5)**