

Checklist



Checklist of Tax Issues for DV Survivors

The following FAQs and resources for tax assistance are designed to give you general information about some tax issues that survivors may face. *You should not fill out your clients' tax returns, or answer specific tax questions.*

1

Does my client need to file a federal tax return?

- a. Yes, if gross income in 2012 was
 - i. Single and under 65: \$9,500 or higher
 - ii. Married filing jointly under 65: \$19,000 or higher
 - iii. Married filing separately: \$3,700 or higher
 - iv. Head of Household: \$12,200 or higher
 - v. Widow(er) under 65 with qualifying dependent: \$15,300 or higher
- b. Yes, if:
 - i. she paid federal taxes and wants a refund
 - ii. she may be eligible for the EITC or Child Tax Credit
 - iii. she was self-employed
 - iv. she took money out of an IRA, 401(k) or 403(b) retirement savings account
 - v. she may owe taxes on tip income
 - vi. she sold her home
- c. Maybe, if she wants to establish her own tax records separate from a spouse

2

What filing status should my client use?

- a. Filing status choices:
 - i. Single
 - ii. Married Filing Jointly
 - iii. Married Filing Separately
 - iv. Head of Household (for tax filers supporting dependents)
 - v. Qualifying Widow(er) with a Dependent Child
- b. Considerations for married survivors
 - i. Marital status is based on whatever it was the last day of the taxable year (unless a spouse died during the year), not when taxes are filed
 - ii. *Married filing jointly* (MFJ) status means joint tax liability

- iii. *Married filing separately* (MFS) status will disqualify survivors from the federal EITC and Child and Dependent Care Tax Credit
- iv. Survivors can file as *single* if legally separated.
- v. Survivors can file as *Head of Household* if
 1. She is legally separated OR lives apart from her spouse for the last six months of the year *and*
 2. She pays half the cost of maintaining a household
 3. Where a dependent child lives for over half the year



Is my client eligible for tax credits? Maybe!

- a. Federal EITC: refundable tax credit worth up to \$5,891
- b. Federal Child Tax Credit: refundable tax credit worth up to \$1,000 per child
- c. Federal Child and Dependent Care Tax Credit: tax credit worth up to \$2,100
- d. Your state may also offer tax credits for families.

Visit www.nwlc.org/loweryourtaxes for more information.



Where can my client get help filing her taxes?

- a. The IRS-sponsored VITA program. Call **(800) 906-9887** or visit <http://irs.treasury.gov/freetaxprep/> to find a VITA site near you.
- b. The AARP-sponsored Tax-Aide program. Call **(888) 227-7669** or visit www.aarp.org/money/taxaide/ to find a Tax-Aide site near you.
- c. The Free File Program (free online tax preparation software).

For more information, visit

<http://www.irs.gov/uac/Free-File:-Do-Your-Federal-Taxes-for-Free>.



How can my client get her refund?

- a. She is worried that her abuser will get her mail.
 - i. Many advocacy organizations will provide an Address Confidentiality Program, which provides survivors with a safe address where their refund check can be sent.
 - ii. Your program can also provide an address.
 - iii. Have the refund directly deposited to a bank account.
- b. She doesn't have a bank account.
 - i. Some EITC coalitions offer asset-building services, financial education, or help opening bank accounts. To find an EITC coalition in your area, visit www.cbpp.org/eitc-partnership/directory.htm.
 - ii. Some VITA sites have options for pre-paid debit cards. There are some downsides, including user fees and the fact that, if the card is lost, so is the refund.



What if my client has tax problems with the IRS?

- a. Low-Income Taxpayer Clinics can provide tax advice and representation. To locate one near you, visit <http://www.irs.gov/uac/Low-Income-Taxpayer-Clinics>.
- b. The Taxpayer Advocate Service can intervene with the IRS in case of economic harm, administrative delay, or impact on other legal rights. To locate the Taxpayer Advocate Service office nearest you, call **1-877-777-4778**.



What if my client can't pay her tax bill or fees?

- a. Survivors may be eligible for reasonable cause relief from Failure to File and Failure to Pay penalties (but not interest) when there is a reasonable excuse for failure to file or pay taxes due (*not* neglect, ignorance of the law, or mistake).
- b. Survivors whose spouses or ex-spouses have tax problems may be able to seek injured spouse or innocent spouse relief.
- c. Survivors may have options if they can't pay taxes due:
 - i. Currently not collectible status (IRS will hold off collections if person establishes insufficient funds above the Allowable Living Expenses):
 1. Fairly automatic if low liability and dire circumstances; otherwise may require advocacy and verification of 3 months of financial information.
 2. Request through IRS Automatic Collection Service, IRS Practitioner Priority Service, a Low Income Taxpayer Clinic, or the Taxpayer Advocate Service.
 - ii. Installment payments
 1. Person must be in compliance with filing obligations.
 2. Automatic approval for amounts under \$10K payable over 36 months or amounts under \$25K payable over 60 months; otherwise detailed financial information required.
 3. Initial fee of \$105, or \$52 (if direct withdrawal), or \$43 (if at or below 250% of poverty guidelines).
 4. Request online (for automatic versions), with Form 9465, through IRS Automatic Collection Service, IRS Practitioner Priority Service, a Low Income Taxpayer Clinic, or the Taxpayer Advocate Service.
 - iii. Offer in compromise (IRS may lower amount that has to be paid).
 1. Person must be in compliance with filing obligations.
 2. Application user fee is \$150, but can be waived if at or below 100% poverty level.
 3. Request with Form 656; assistance from a Low Income Taxpayer Clinic may be available.
- d. Contact a Low-Income Taxpayer Clinic near you for specific advice, at <http://www.irs.gov/uac/Low-Income-Taxpayer-Clinics>.

For more information, contact Amy Matsui at amatsui@nwlc.org