

## FREE TAX PREPARATION ANNOUNCED

**Help with identifying tax credits can save low, moderate income families thousands.**

*Cranston, RI, January 14, 2010* In recognition of Earned Income Tax Credit Awareness Day, the Rhode Island Community Action Association, Citizens Bank Foundation, United Way of Rhode Island and the Internal Revenue Service today announced a public education campaign promoting free tax preparation help for working Rhode Islanders earning less than \$48,279 per year.

Certified tax preparation volunteers will help individuals and married couples determine if they are eligible for the Earned Income Tax Credit (EITC), education credits, child care credits and other deductions. (A tax credit is a dollar-for-dollar reduction in taxes that could result in a tax refund rather than owing taxes.) Last year, volunteer certified tax preparers from the State's Statewide Safety Network of eight Community Action Agencies helped prepare 2,901 returns, which resulted in an average earned income tax credit refunds of more than \$1,600. The maximum savings according to IRS guidelines is \$4,800.

According to Joanne McGunagle, President of the R.I. Community Action Association, the statewide safety network of eight Community Action Agencies serves more than 200,000 people annually. "We see more working people struggling to make ends meet every day," she said "The EITC can be used to put food on the table, pay fuel bills, invest in education, or to save for the future."

The third annual campaign encourages Rhode Islanders to: "Grab all the tax savings you can!"

"By helping single and married people, with or without children, to identify every possible deduction, more than \$6.3 million flowed back into the pocketbooks of working Rhode Islanders last year through the tax savings and refunds," said McGunagle. She added that the free service also saves people from having to pay exorbitant tax preparation fees and hidden loan costs to get a quick refund. All the volunteer tax preparers have passed a vigorous training program to become certified.

"Our certified volunteer tax preparers saved taxpayers some \$1.1 million in tax return preparation in 2009," said McGunagle. Returns can be filed electronically at no cost, with most direct deposit refunds being received in an average of seven-to-ten days. In 2009, \$1.89 million in Earned Income Tax Credits was claimed through returns prepared by eight Rhode Island CAP agencies alone. This accounts for 53 percent of the dollars claimed in Earned Income Tax Credits being processed at one of the state's eight community action agencies.

Volunteer Income Tax Assistance (VITA) sites are located at the Rhode Island Community Action Association's eight member agencies, as well as other organizations throughout the state. United Way of Rhode Island has provided funding for the sites since 2004 and last year donated \$68,000 to the program. This year they will fund start-ups costs for 8 Community Action Agencies including a number of satellite locations throughout Rhode Island and will pay an additional fee to the agencies for each tax return prepared. UWRI will also provide information regarding site locations through their toll-free *United Way 2-1-1 in Rhode Island*.

"This is the type of important effort we are pleased to be supporting," said UWRI President and CEO Anthony Maione. "This initiative helps hard working Rhode Islanders on the road to financial stability."

In addition to a previous \$68,000 grant to United Way for EITC initiatives across the state, the Citizens Bank Foundation is providing \$15,000 for the Earned Income Tax Credit Awareness Campaign, announced Ned Handy, President, Citizens Bank, Rhode Island.

"The Citizens Bank Foundation is proud to support local initiatives like this one. This campaign to raise awareness about the Earned Income Tax Credit offers eligible Rhode Islanders the opportunity to receive

a larger tax refund,” Handy said. “By increasing the amount of the refund, individuals and families will have the ability to catch up on expenses or put money away for a rainy day.”

The EITC Awareness campaign underwritten by the Citizens Bank Foundation will include up to eight weeks of radio ads on Citadel Communications’ radio stations 92 PRO FM, WPRO 630 and 99.7FM, HOT 106 and LiteRock 105.

In addition, the R.I. Community Action Association received a federal grant for \$30,000 that further expands the United Way and Citizens Bank funding. “EITC is a means to begin lifting families out of poverty,” noted Ben Lessing, Executive Director of Family Resources Community Action in Woonsocket, the agency that helped secure the grant. “Given the number of unemployed people, it will be a critical resource for families struggling to pay their utility bills, rent/mortgage, maintain their transportation or put food on the table while searching for job.” Lessing noted these funds help support the local economies, and that the Community Action Agency Network is an efficient method of reaching vulnerable families and individuals statewide.

### **Eligibility Guidelines:**

To claim the EITC, taxpayers must meet the following rules:

- Must have earned income from employment or self-employment
- Must have a valid Social Security number
- Filing status can’t be “married filing separately.”
- Generally must be a U.S. citizen or resident alien all year, or a nonresident alien married to a U.S. citizen or resident alien and filing a joint return.
- Cannot be qualifying child of another person
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income)

(Other rules may apply)

If all qualifications are met, Adjusted Gross Income no greater than:

- \$13,440 (\$18,440 if married filing jointly) with no qualifying child.
- \$35,463 (\$40,463 if married filing jointly) with one qualifying child.
- \$40,295 (\$45,295 if married filing jointly) with more than one qualifying child.
- \$43,279 (\$48,279 married filing jointly) with more than three or more qualifying children.

Special rules may apply for members of the U.S. Armed Forces and taxpayers in designated disaster areas.

The maximum EITC for 2009:

- \$5,657 with three or more qualifying children
- \$5,028 with two qualifying children
- \$3,043 with one qualifying child
- \$457 with no qualifying children
- Do you have children? To have a qualify child for the above credit:  
The child must meet the relationship, age and residency tests described at [www.irs.gov/eitc](http://www.irs.gov/eitc) or in [Publication 596](#), Earned Income Tax Credit.

For more information about eligibility for the EITC program and to schedule an appointment for free tax preparation services visit [www.ricommunityaction.org](http://www.ricommunityaction.org) to link to all Community Action Agency site locations, or call toll free 2-1-1 for information on all of the tax preparation site locations offered by Community Action Agencies throughout Rhode Island.