



2011

EITC TOOLKIT FOR BUSINESSES

The EITC Guide is brought to you by **Corporate Voices for Working Families** and **Claim It!**.

This comprehensive guide serves as a tool for your business to educate your employees about tax credits and federal benefits they may have earned.

Promoting Tax Credits and Benefits

It is important to promote tax credits and benefits to employees for several reasons:

- Builds trust with employees by making them aware of resources they may have earned.
- Gives your employees the ability to supplement their incomes.
- Takes ownership of the promotion of tax credits and federal benefits within your own business.

The U.S. Census Bureau reports that more Americans are living in poverty today than at any time since 1960. 41 percent of children under age 18 are living in low-income families. Your employees and their families may be eligible for benefits that can help.

Some of your employees may be eligible to receive the following credit(s)/benefits*:

Taxes

- [Child Tax Credit \(CTC\)](#) – A refundable credit worth up to \$1,000 for each child under the age of 17.
- [Earned Income Tax Credit \(EITC\)](#) - The Earned Income Tax Credit or the EITC is a refundable federal income tax credit for low to moderate income working individuals and families. Eligible filers can receive up to \$5,657.
- [Free Tax Preparation](#)- Free electronic tax preparation assistance is available at Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) centers. This can save up to \$300 for an individual/family.
- [Working Family Credit \(WFC\)](#) – If you qualify for the federal EITC, you also qualify for the WFC.

Promoting Tax Credits and Benefits

Some of your employees may be eligible to receive the following credit(s)/benefits* (con't):

Food

- [Food Support](#) - Helps people with lower incomes pay for nutritious food, which helps kids to grow up strong and helps adults to stay healthy.
- [School Meal Program](#) - The School Meal Program pays for all or part of the cost of meals for children at school (kindergarten through 12th grade).
- [SNAP/Food Stamps](#) – Helps low-income individuals and families buy food they need.
- [Women, Infants and Children Program \(WIC\)](#) - WIC is a nutrition program that helps eligible pregnant women, new mothers, babies and young children eat well, learn about nutrition, and stay healthy.

Health Coverage

- [MinnesotaCare](#) – Health insurance program for low income individuals/families who cannot afford insurance.
- [Medical Assistance \(MA\)](#) - Health insurance program for some Minnesotans with lower incomes (Minnesota's Medicaid).
- [State Children's Health Insurance \(SCHIP\)](#) – Extended health insurance coverage for millions of children who otherwise would not have access to health care.
- [General Assistance Medical Care \(GAMC\)](#) - GAMC is a health insurance program for some Minnesotans with very low incomes (for adults who are not raising children).

Miscellaneous

- [Child Care Assistance Program \(CCAP\)](#) – CCAP helps working parents who have lower incomes pay for child care.
- [Low Income Home Energy Assistance Program \(LIHEAP\)](#) – LIHEAP helps low-income individuals with energy assistance.

*These tax credits and federal benefits are based on income eligibility

Eligibility Requirements

WHO IS ELIGIBLE?

Employees who meet the following criteria are eligible to receive EITC:

- Earned income and adjusted gross income (AGI) must each be less than
 - \$43,998 (\$49,078 married filing jointly) with three or more qualifying children
 - \$40,964 (\$46,044 married filing jointly) with two qualifying children
 - \$36,052 (\$41,132 married filing jointly) with one qualifying child
 - \$13,660 (\$18,740 married filing jointly) with no qualifying children
- Investment income must be \$3,150 or less for the year
- If married, couples must file jointly.
- Must have a valid Social Security number.
- All qualifying children must have a valid Social Security number.
- Cannot file Form 2555 (Foreign Income Exclusion) or 2555-EZ.
- Must be a U.S. citizen or resident alien.
- If he or she does not have a qualifying child, he or she must
 - be at least age 25,
 - live in the United States for more than half the year, and
 - not qualify as a dependent of another person.

In addition to the EITC, the Child Tax Credit is for employees who have a qualifying child. A qualifying child must be all of the following:

- Claimed as a dependent on tax filing forms
- At the end of the tax filing year, child must be younger than the worker **and**
 - under age 19, or
 - under age 24 and a full-time student, or
 - any age if permanently and totally disabled
- Must be the employee's
 - Son, daughter, adopted child, stepchild, or a descendent of any of them
 - Brother, sister, stepbrother/sister, or a descendent of any of them (i.e., niece or nephew), that the employee has cared for as their own child; or foster child
 - A U.S. citizen or resident alien

Talking to Employees

How to Talk to Your Employees About Tax Credits and Federal Benefits

Tax credits and benefits can be shared during existing meetings (i.e.: staff meetings, new employee orientations). Utilize Claim It! Flyers to pass out information for employees to take home.

Your Employees Could Be Eligible For Other Work Supports

Direct employees to the quick and easy to use online Eligibility Screening Tool offered through Bridge to Benefits, a multi-state project by Children's Defense Fund Minnesota. **To see if they or someone else may be eligible for public work support programs, go to www.cdf-mn.org and go to "Bridge to Benefits."**

AVOIDING PREDATORY PRACTICES

Help Employees Receive Their Entire Refund

When your employees pay a tax-preparation company to get their refunds instantly, they end up paying for high-interest, short-term loans (up to 300 percent when annualized) with finance charges and preparation fees.

- Some check cashers and tax preparers offer high-interest holiday loans in anticipation of the EITC refund.

- Some tax preparers offer tax refund debit cards. Not all debit cards are created equal; some charge costly transaction fees that can significantly reduce tax refunds.

Your employees can avoid up to \$500 in fees and finance charges by using a Volunteer Income Tax Assistance (VITA) or AARP Tax-Aide center and waiting just a few days longer for their returns.

Services are provided by IRS certified preparers at NO CHARGE to your employees. Plus some VITA center sites offer Express Refund Loans, screen for federal benefits and assist people in opening a bank account. For more information on these additional services go to www.accountabilitymn.org.

Encourage your employees to go to a VITA or AARP Tax-Aide site. To find a location, they can call United Way 2-1-1. Employees can dial **2-1-1**, or from a cell phone dial 651-291-0211 (1-800-543-7709 outside the metro area) or go to www.taxes.state.mn.us (search for “Free Tax Prep”).

WHAT YOU CAN DO THROUGHOUT THE YEAR TO PROMOTE TAX CREDITS AND BENEFITS

DECEMBER/JANUARY

- Order Claim It! materials (go to <http://unitedfrontmn.org/blog/2011/12/06/claim-it-2012> or contact Andrea Ferstan at 612-340-7483, ferstana@unitedwaytwincities.org)
- Begin educating employees about Tax Credits and Benefits through staff meetings, posted materials, flyers, and online trainings. To access the online staff training, go to www.helpmnsave.org after January 19, 2012. To view the Claim It! You Tube video follow this link <http://www.youtube.com/watch?v=sbwfMGOSTJg>.

- Include tax credits and benefits education materials in paychecks and when distributing W-2 forms to employees.
- Distribute Claim It! materials to employees and display posters.
- Insert Claim it! information in employee paychecks.

MARCH

- Make your final informative push before tax deadlines.

ONGOING

- Include information about tax credits and federal benefits in all new employee orientation packets.
- Distribute W-5 forms to interested employees and remain available for employee questions.
- Talk to your employees about tax credits and benefits during existing meetings.
- Include Claim It! and benefits information in your employee orientation packets.
- Direct employees to the quick and easy to use online Eligibility Screening Tool offered through Bridge to Benefits, a multi-state project by Children's Defense Fund Minnesota. **To see if they or someone else may be eligible for public work support programs, go to www.cdf-mn.org.**

RESOURCES

Free Tax Preparation Locations

United Way 2-1-1.

**Dial 2-1-1, or from a cell phone dial 651-291-0211
(1-800-543-7709 outside the metro area) or go to
www.taxes.state.mn.us (search for on “sites”)**

Claim it! Materials available at:

<http://unitedfrontmn.org/blog/2011/12/06/claim-it-2012/>

IRS WEBSITE

www.irs.gov

ELIGIBILITY FOR GOVERNMENT PROGRAMS

www2.bridgetobenefits.org

MINNESOTA DEPARTMENT OF REVENUE

www.taxes.state.mn.us

ACCOUNTABILITY MINNESOTA

www.accountabilitymn.org

AARP BENEFITS QUICKLINK

www.aarp.org/quicklink