

The Fort Bliss U.S. Army post in El Paso, Texas has provided free tax filing assistance services for more than 25



years. Each year, a new officer is appointed to organize the post tax center. Since 2009, Fort Bliss has coordinated two VITA sites to serve the 27,870 people on post. The two sites serve active-duty service members, family members, and retirees and their dependents; they promote their tax preparation services (which include filing prior-year returns and state returns) through flyers and announcements. In 2011, 23 soldiers and seven civilian volunteers prepared more than 4,082 tax returns generating \$9,937,920 in federal refunds and \$1,871,735 in EIC refunds.

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Military Personnel, Returning Veterans, and their Families

Many enlisted members of the military earn less than \$30,000 and are raising children. In addition, many National Guard members and Reservists have been activated for duty, which can result in a significant reduction in a family's income. When enlisted members transition out of the military, they tend to experience longer periods of unemployment than civilians and tend to earn lower wages. Military families and returning veterans may qualify for tax benefits such as the EIC or CTC, but may not realize they are eligible.

To address the needs of these families, the Office of the Secretary of Defense, in partnership with the IRS, has established VITA sites at 300 U.S. military installations. Military VITA sites file about 300,000 federal returns each year. While such assistance is important, it may not reach some members of the military, their families, or returning veterans. Family members who do not live near a military post and returning veterans may not get the relevant tax information they need, since they may seek help from people who are not well-versed in the special rules regarding military pay and eligibility for the EIC and CTC.

STRATEGIES

- Contact the Family Assistance Center for the military unit in your area to ensure it is aware of the EIC, CTC, and free tax filing assistance programs in the community. The National Military Family Association provides links at its website to Family Assistance Centers for the National Guard and Reserves. The American Red Cross and the Boys and Girls Clubs of America are other organizations that provide support to families of units called up for active duty. Their local chapters may also be good points of contact for efforts to reach military families. Contact the Government Relations Department, National Military Family Association, at 1-800-260-0218 or at info@MilitaryFamily.org for suggestions on who to contact or visit www.militaryfamily.org/resources/links/family-assistance-sites.html.

Glad You Asked That!

Q: What do military personnel need to know about claiming the EIC and the CTC?

A: Military personnel can claim the credits or be considered a qualifying child for the EIC or CTC whether they live in the U.S. or overseas. The IRS considers an individual assigned to an overseas tour of duty to be temporarily absent from the U.S. due to a special circumstance. Even if qualifying children remain in the U.S., the children may be claimed for the EIC and the CTC. Military couples living apart due to a military assignment must still file a joint return to claim the EIC and the CTC.

Q: How is combat pay counted in determining eligibility for the EIC and CTC?

A: Military pay received in a combat zone is non-taxable earned income, but it is treated differently than other forms of non-taxable earned income for EIC purposes. Military personnel can choose to count combat pay when figuring their eligibility for the EIC if it is an advantage. For example, adding combat pay to a family's earnings might raise the family's income above the EIC eligibility limit and the family would not want to count it. However, in families with little income, counting combat pay could result in a larger EIC and the family would want to do so. Combat pay must be counted as income in figuring the CTC. For the CTC, counting combat pay will always work to the family's advantage, enabling more military families to qualify.

- Connect with programs designed to support returning veterans. The Departments of Defense, Veterans Affairs, Transportation, and Labor partner to provide the Transition Assistance Program (TAP), which consists of three-day workshops for returning service members to learn resume-building, interview skills, tips for securing employment as well as information about veteran benefits. Similarly, Transition Assistance Advisors (TAA), in conjunction with the National Guard Bureau, provides support by phone, email and in person to link all service members to community resources and assistance in obtaining veteran healthcare services and benefits. Contact your local TAP or TAA office to discuss opportunities to share tax credit information with returning veterans. *To locate a TAP or TAA office near you, visit: www.vet-trans.org and click on "Transition Tools."*
- Engage job training and vocational programs. Returning veterans are often faced with the need to go back to school so that they can secure employment. Inform job training programs about the EIC, CTC, and free tax filing assistance.
- Contact a nearby military installation that has a VITA site. Ask whether veterans recently leaving the military might be able to use the VITA services offered at the post or base.



Find It On the Web

www.eitcoutreach.org

- More Outreach Strategies and Examples
- More Questions and Answers on the Tax Credits and Military Personnel
- Link to IRS Publication 3, "Armed Forces' Tax Guide"