

# Tax Credit Outreach to Military Veterans



## Why is outreach needed?

*Many veterans may earn incomes that would qualify them for the EIC but are unaware that they may be eligible.*

### Unemployment and Underemployment

Returning veterans frequently experience long-term unemployment after exiting the military (15 weeks or more).<sup>1</sup> Many ex-service members are forced to settle for part-time jobs or sporadic employment that may not pay enough to meet their basic needs.<sup>2</sup> Employers may fail to adequately translate the military skills and experiences of recently separated service members into qualifications for civilian jobs. Reservists returning from combat often are not promptly reemployed, or do not receive the pay, pensions, health care coverage, and other benefits to which they are entitled.<sup>3</sup>

### Lack of Awareness of Eligibility for Services and Benefits

Many resources such as the Transition Assistance Program (TAP)<sup>4</sup>, VET centers, online tools, and a number of military employment sites that link military personnel to civilian jobs are available to veterans. However, tax credit information and free filing information are often missing from such resources.

The economic and family circumstances of a veteran may change greatly in the transition to civilian life. Veterans may resume family obligations or start a new family without finding high-paying work.

They likely no longer have access to the free tax assistance offered at military posts. Lack of information about tax credits and free tax preparation assistance programs can lead veterans to pay costly commercial preparer fees and can make them targets for more expensive refund anticipation loans<sup>5</sup> and tax scams.<sup>6</sup>

The Armed Forces Tax Council provides free tax assistance to service members at military Volunteer Income Tax Assistance (VITA) sites. Current service members, their spouses, and retired military personnel are eligible for these sites. While there is no central list of all military VITA sites, all Navy VITA sites are listed here:

[www.jag.navy.mil/organization/documents/tax/VITA\\_Sites.pdf](http://www.jag.navy.mil/organization/documents/tax/VITA_Sites.pdf)

Note that in general military VITA sites will prepare taxes for service members from other branches. To find other military VITA sites, contact your local military bases.

Contact your local Military VITA site to find out if they will prepare taxes for other former military personnel.

#### DEFINITIONS

**Child Tax Credit (CTC):** A federal tax credit worth up to \$1,000 per qualifying child

**Earned Income Credit (EIC):** A refundable federal income tax credit for workers earning low and moderate incomes, worth up to \$5,666

**Volunteer Income Tax Assistance (VITA):** A program which provides free tax filing help, generally for filers making below \$48,000

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## Connecting Returning Veterans to Tax Credits and Tax Preparation Assistance

*The military provides veterans transitioning to civilian life with information on employment opportunities and financial planning. There are several opportunities to provide veterans tax credit and tax filing assistance information at this stage.*

### Transition Assistance Resources

Coordinate with military Transition Assistance Programs (TAP) or other similar organizations to encourage programs to include information about tax credit eligibility and the VITA program. Consider providing such groups with outreach materials that augment financial readiness programs<sup>7</sup> and other resources for returning veterans.

#### RESOURCES:

##### Locate a TAP office:

[www.taonline.com/TapOffice/SearchTap.asp](http://www.taonline.com/TapOffice/SearchTap.asp)

##### Locate local resources, such as Family Assistance Centers, which serve National Guard Veterans:

[www.jointservicessupport.org/ResourceFinderSearchFilter.aspx](http://www.jointservicessupport.org/ResourceFinderSearchFilter.aspx)

##### Vet-Trans links to various local employment assistance services for returning veterans:

[www.vet-trans.org](http://www.vet-trans.org)

### Vocational Training

Engage job training and vocational programs. Returning veterans are often faced with the need for additional training so that they can secure better employment. They may work at lower wages while in school. Inform job training programs about the EIC, CTC, and free tax filing assistance.

#### RESOURCES:

##### Vocational training and veterans vocational training locations:

[www.militaryconnection.com/military-and-veteran-vocational-training.asp](http://www.militaryconnection.com/military-and-veteran-vocational-training.asp)

### Returning Veterans Experiencing Homelessness

Between 529,000 and 840,000 veterans are homeless at some point during the year.<sup>8</sup> Homeless veterans are more likely to be employed than homeless non-veterans, making tax credit outreach to this population especially important.<sup>9</sup> Refundable tax credits can help provide them with the financial stability they need to find housing.

During the Vietnam War era, veterans generally did not fall into homelessness until several years after returning from overseas. Now, a veteran returning from the Middle East who becomes homeless typically does so within 18 months of returning. Many become homeless within a year. While such veterans may now be unemployed, their military pay received earlier in the year counts as earned income and may enable them to receive the EIC and CTC.<sup>10</sup>

Many programs that reach out to homeless veterans provide employment training and career assistance. It is important to make these programs aware of the tax credits so that they may pass the information on to their clients.

#### RESOURCES:

Reach out to your local Homeless Veterans Taskforce to partner with your organization in its outreach campaign. They may have systems that enable them to more easily contact local homeless veterans and may have resources that will simplify your outreach.

##### The Homeless Veterans Taskforce:

[www.legion.org/homelesstaskforce](http://www.legion.org/homelesstaskforce)

##### Homeless Veteran Taskforce Chairpersons:

[www.legion.org/documents/legion/pdf/homeless\\_ve\\_t\\_taskforce.pdf](http://www.legion.org/documents/legion/pdf/homeless_ve_t_taskforce.pdf)

##### United States Veterans Initiative:

[www.usvetsinc.org/](http://www.usvetsinc.org/)

## National Coalition for Homeless Veterans:

[www.nchv.org/](http://www.nchv.org/)

## Veterans Assistance Foundation:

[www.veteransassistance.org/](http://www.veteransassistance.org/)

## Department of Veteran Affairs:

[www1.va.gov/homeless/](http://www1.va.gov/homeless/)

Local: [www2.va.gov/directory/guide/home.asp](http://www2.va.gov/directory/guide/home.asp)

*To find a local homeless shelter that focuses on serving veterans call your local VA Medical Center listed on the link above. The US Department of Veterans Affairs runs the Grant and Per Diem program, which provides grants to homeless shelters to help them serve veterans.<sup>11 12</sup>*

## Female Veterans

Female veterans often earn lower wages than male veterans and are more likely to be raising a child,<sup>13</sup> making them more likely to be eligible for the EIC and CTC. Many programs that perform outreach to veterans may not adequately reach out to female veterans. The military's Transition Assistance Program has not been updated since before women began to join the military in large numbers and does not adequately address the childcare and other needs of female veterans.<sup>14</sup> Only 60 percent of homeless shelters in the US Department of Veterans Affairs' system accept women.<sup>15</sup>

### RESOURCES:

Collaborate with a local chapter of one of the following groups that specialize in reaching out to female veterans:

#### Women Veterans of America:

[www.wvanational.org/](http://www.wvanational.org/)

Local: [www.wvanational.org/chapter.html](http://www.wvanational.org/chapter.html)

#### National Association of State Women Veterans

Coordinators: [www.naswvc.com](http://www.naswvc.com)

Local: [www.naswvc.com/style/style/2010StateWVCdirectory.pdf](http://www.naswvc.com/style/style/2010StateWVCdirectory.pdf)

## Returning Veterans Who Are Injured

Veterans with disabilities are working, or whose spouse is working, may qualify for the EIC. Military disability pensions do not count as earned income. Partner with local organizations that reach out to injured veterans.

### RESOURCES:

#### Military Order of the Purple Heart:

[www.purpleheart.org/](http://www.purpleheart.org/)

Local: [www.purpleheart.org/Search/Zip.asp](http://www.purpleheart.org/Search/Zip.asp)

#### Disabled American Veterans: [www.dav.org](http://www.dav.org)

Local: [dav.org/membership/FindChapter.aspx](http://dav.org/membership/FindChapter.aspx)

## Additional Resources

The following are organizations that perform outreach to veterans, locally and nationally. Partnering with a local chapter of one of these groups may lead to a stronger outreach campaign.

#### National Association of State Directors of Veterans Affairs (NASDVA): [www.nasdva.net/](http://www.nasdva.net/)

#### Veterans of Foreign Wars: [www.vfw.org](http://www.vfw.org)

Local: [www.vfw.org/oms/findpost.aspx](http://www.vfw.org/oms/findpost.aspx)

#### American Legion: [www.legion.org](http://www.legion.org)

Local: [www.legion.org/posts](http://www.legion.org/posts)

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<sup>1</sup> Senate Finance Committee Hearing on Tax Policy for [TIMOTHY EMBREE'S TESTIMONY](#)  
[finance.senate.gov/imo/media/doc/092210tetest.pdf](#) 22 September 2010.

<sup>2</sup> Baedeker, Rob. "An Iraq vet's toughest assignment yet? Finding a job." 2010 Hearst Communications Inc.  
[articles.sfgate.com/2010-05-10/news/20891867\\_1\\_tours-explosion-steven-pinto](#) 10 May 2010.

<sup>3</sup> Senate Finance Committee Hearing on Tax Policy.

<sup>4</sup> Transition Assistance Programs (TAP) 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.

<sup>5</sup> There is a 36 percent limit on the interest that can be charged to members of the military for a RAL.  
[www.armytimes.com/money/financial\\_advice/military\\_sgtshopper\\_080218w/](#)

<sup>6</sup> Military Hub. "Military Tax Scams Lead to Identity Theft". [www.militaryhub.com/article.cfm?id=163](#)  
28, January 2010

<sup>7</sup> Example of Financial Readiness Program in Fort Jackson military base: [www.fortjacksonmwr.com/acs\\_fin/](#)

<sup>8</sup> Veterans Inc., [www.veteransinc.org/about-us/statistics/](#)

<sup>9</sup> Williamson, Vanessa and Erin Mulhall. "Coming Home: The Housing Crisis and Homelessness Threaten New Veterans." *Iraq and Afghanistan Veterans of America*. [iava.org/iava-in-washington/issue-reports](#)

<sup>10</sup> Ibid.

<sup>11</sup> This program provides types of grants: capital grants and per diem grants. Capital grants provide funds to build, renovate, or purchase shelters at which 75 percent of the occupants are veterans. Per diem grants pay shelters up to around \$30 per night for every eligible veteran that occupies a bed. An eligible veteran includes any person who was an active member of the military (including reserves and National Guard) and was honorably discharged or released.  
[www.gao.gov/new.items/d06859.pdf](#)

<sup>12</sup> To receive most veterans' benefits individuals must verify their status as a U.S. veteran. It is important to keep track of military records along with other financial documents. For more information contact: *National Archives and Records Administration* | 700 Pennsylvania Avenue, NW | Washington, DC 20408 or call (202) 357-5400 or toll-free 1-866-272-6272. [www.archives.gov/veterans](#)

<sup>13</sup> Williamson.

<sup>14</sup> Thiruvengadem, Meena. "Job market leaves female vets behind." *USA Today*. Page 3B. 17 Feb. 2011.  
[www.usatoday.com/money/economy/2011-02-17-womenvets17\\_ST\\_N.htm](#)

<sup>15</sup> Williamson.