



Free Tax Filing Assistance Through VITA

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Paying to file a tax return can drain money from a worker's tax refund. Many people feel confused or intimidated when faced with filing a tax return. They often seek the services of a commercial tax preparer who may charge \$55 to \$130. Knowing that tax filers would like to get their refunds back quickly, the preparer may persuade the tax filer to go for a "refund anticipation loan" which can add another \$100 or even more to the cost. Low-income workers need every penny of their tax refunds and may not realize that they do not have to pay fees that drain money away from their refunds. That choice is VITA — Volunteer Income Tax Assistance — a program run by the IRS in conjunction with community based organizations.

VITA is a cost-free alternative. VITA volunteers are trained, according to IRS guidelines, to fill out basic tax forms including the ones needed to claim the EIC and the CTC. There is no charge for VITA services. VITA sites are located in community action agencies, churches, libraries, public assistance offices, shopping malls, community colleges, and other public places. VITA sites are generally open from late January through April 15, although hours may be limited. Many VITA sites can file tax forms electronically, or can arrange for this to be done later at a central location. Filing electronically — having a return completed by computer — helps filers get a faster turn-around on a refund and makes it less likely that incomplete forms will be filed. This helps avoid refund delays and provides an alternative to expensive commercial fees.

A big problem with VITA is that not enough people use it! IRS data indicate 70 percent of EIC claims were filed through

commercial tax preparers, while less than two percent of EIC recipients used VITA or other IRS-sponsored volunteer return preparation services.

Why don't more people use VITA?

Tax filers may not know about VITA or where to find a convenient VITA site. Some communities have several VITA sites; others, such as rural communities, may lack the VITA

What Are Refund Anticipation Loans?

Many commercial tax preparers offer refund anticipation loans (RALs) to enable the taxpayer to get a check in the amount of his or her refund (less charges and fees) within a day or two. The "refund" in this situation is not coming from the IRS: It is a loan from a bank, arranged by the commercial tax preparer. The bank is repaid when the IRS sends it the taxpayer's refund check. The fees charged for the RAL are really up-front interest payments on the loan. If the EIC does not come back from the IRS in the amount expected, the taxpayer will have to repay the difference to the bank.

New IRS procedures and the withdrawal of several banks from underwriting these loans resulted in reduced availability of RALs in 2011, but commercial preparers are seeking alternate ways to offer these or other similar quick refund products charging fees, such as Refund Anticipation Checks (RACs), which divert a portion of a tax filer's refund.

What Should Workers Bring to a VITA Site?

- A copy of 2010 tax return, if available
- Social Security numbers for the worker, spouse and any children born before 12/31/11 are needed to claim the EIC.
- W-2 forms from all jobs. If you don't have the W-2, bring final pay stubs, if available.
- 1099 forms for any other income
- Statements received from a mortgage company during 2011
- Any IRS notices received during 2011
- Workers with Individual Taxpayer Identification Numbers (ITINs) should bring the ITIN letter sent to them by the IRS. Workers need either an ITIN or an SSN to claim the Child Tax Credit.

sites they need. Sometimes VITA sites are not open at times when many working people can take advantage of them — in the evenings and on weekends.

Promoting VITA is an Important Part of a Tax Credit Outreach Campaign

Publicize the locations of VITA sites.

Your IRS Territory Manager can provide a list. If it is not yet available, obtain the list from the previous year and call each location for up-to-date information. Share the list with your campaign partners and the media.

Set up a hotline. A telephone hotline can refer callers to the nearest VITA site. Some communities have a "2-1-1" hotline which connects callers to social services. United Way agencies may operate hotlines, such as "First Call for Help," that can inform workers about the tax credits and VITA sites. If there are no

existing hotlines, your campaign may be able to initiate one with the help of volunteers or a voicemail system. If these options are unavailable, callers can get VITA site locations by calling the IRS at 1-800-906-9887.

Enlist volunteers to staff VITA sites.

Volunteers do not have to have a tax background, although retired business professionals, accountants and accounting students are well-suited to the job. Contact your IRS Territory Manager to plan how to recruit volunteers at least several weeks before tax filing begins. Volunteers also can take the self-study training on the IRS website.

Help VITA sites obtain electronic filing systems.

Some people pay commercial tax preparers so they can have their returns filed by computer and get their refund faster. Work with your IRS Territory Manager to arrange for electronic filing at VITA sites.

Make sure VITA sites can accommodate special needs of tax filers.

Provide interpreters for tax filers who speak languages other than English. Help make sites accessible for people with disabilities. Offer child care services on site.

Tax Counseling for the Elderly

In many communities, free tax filing assistance also is available through the Tax Counseling for the Elderly (TCE) program. TCE is sponsored by the IRS, often in conjunction with the AARP Tax Aide Program. Although its main purpose is to assist seniors, TCE also can help low-income workers file tax returns. Your IRS Territory Manager can provide a list of TCE sites and can link you with the local TCE coordinator. During the filing season, you can find AARP's TCE sites listed by zip code at www.aarp.org/money/taxaide.