Ohio | Department of Job and Family Services

John R. Kasich, Governor
Michael B. Colbert, Director

Family Assistance Letter #120
OFFICE OF FAMILY ASSISTANCE
February 1, 2013

TO: Directors, County Departments of Job and Family Services

FROM: Trudie J. Bormann, Deputy Director
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SUBJECT: **Federal Tax Credits and Free Tax Filing Assistance**

Tax season is quickly approaching and we are taking this opportunity to provide updated information on available federal tax credits. Working families served by the county departments of job and family services could benefit significantly from these tax credits. These tax credits reduce the tax burden on workers, supplement wages and provide a work incentive. Below is a brief description of several tax credits available:

Earned Income Tax Credit
Earned income tax credit (EITC) is a refundable tax credit for people with low-to moderate incomes. The tax credit is based on a percentage of the employee's earned income and workers can receive a portion of the basic EITC added to each paycheck received during the year or claim the amount by filing a federal income tax return.

In order to qualify for the EITC, families must have the following:

- At least one qualifying child under the age of 19 or under age 24 if a full-time student who lived with the worker for more than half of the year; or

- A child of any age with a total and permanent disability.

The tax credit available to eligible families varies depending on the number of qualifying children and income:

- Families with one qualifying child who earned less than $36,920 (or less than $42,130 if married filing jointly) in 2012 may be able to take a credit of up to $3,169.

- Families with two qualifying children who earned less than $41,952 (or less than $47,162 if married filing jointly) in 2012 may be able to take a credit of up to $5,236.

- Families with three or more qualifying children who earned less than $45,060 (or less than $50,270 if married filing jointly) in 2012 may be able to take a credit of up to $5,891.

- Workers between the ages of 25 to 64 on December 31, 2012, without a qualifying child in their home who earned less than $13,980 (or less than $19,190 if married filing jointly) in 2012 may be able to take a credit of up to $475.

For purposes of EITC and the Child Tax Credit, "qualifying child" means: sons, daughters, stepchildren, grandchildren, adopted children, brothers, sisters, stepbrothers, or stepsisters as well as descendants of such relatives and foster children who are placed with the worker by an authorized government or private placement agency.

Many legal immigrants who are employed can qualify for the EITC as long as they meet the other eligibility requirements.

Child Tax Credit
The Child Tax Credit is a credit for taxpayers raising at least one qualifying child. Very low income families will now qualify for this credit.

In order to qualify for the Child Tax Credit, families must have the following:

- At least one qualifying child under the age of 17 who lived with the worker for more than half of the year; and

- Have taxable income above $3,000 to receive a credit of up to $1000 per qualifying child.

Child and Dependent Care Credit
A family may be able to claim the federal Child and Dependent Care Credit if the wage earner paid someone to care for a qualifying dependent that is under age 13 or a spouse or dependent that is not able to care for him or herself who lived with the family for more than half of the year. Eligible families can receive a credit up to 35% of allowable care expenses, depending on income.

To claim the Child and Dependent Care Credit the tax filer must have earned income during the year. In addition, the child care expenses must be work related, in that they are paid to permit the wage earner to work or look for work. Families earning too little to pay federal income tax cannot use this credit.

American Opportunity Tax Credit
The American Opportunity Tax Credit can make education more affordable for low-income families and students who might not otherwise be able to attend college. The American Opportunity Tax Credit is available for students who meet the following requirements:

- Are in their first four years of college, enrolled at least half-time, and pursuing an undergraduate degree;

- Have paid for "qualified educational expenses" such as tuition (after tax-free contributions) and course-related materials for themselves, spouse or dependents; and

- Have adjusted gross income in 2012 of less than $80,000 or $160,000 if married.

Impact on Public Assistance
Any refund received because of these tax credits will not be used to determine an individual's eligibility for Ohio Works First; Prevention, Retention and Contingency Programs; Food Assistance; Disability Financial Assistance; Refugee Cash Assistance; Medicaid; child care benefits; Supplemental Security Income or low-income housing. The total amount of a refund received after December 31, 2012, is disregarded as income for purposes of determining eligibility for benefits or assistance in all federal programs or any state or local program financed in whole or in part by federal dollars. In addition, amounts saved from the tax refunds are not counted toward resource limits in public benefit programs for 12 months after the refund is received.

Outreach material
The Ohio Department of Job and Family Services (ODJFS) will be mailing out a notice to all current Ohio Works First (OWF) recipients informing them of the tax credits and how to get assistance in filing their returns in early February. An example of this notice is attached and a CRIS-E bulletin will be issued when the mailings begin. Participants in the Temporary Assistance for Needy Families (TANF) subsidized employment program will likely be eligible for these tax credits. County agencies may also want to conduct direct outreach to former and current participants to inform them of the credits and the availability of the free tax assistance.

The "Money Talks! Community Outreach Kit" is a packet of materials that is available from the Center on Budget and Policy Priorities. It is a valuable tool for organizations to inform communities and families about the federal tax credit opportunities and free low-income tax preparation assistance. In addition to tax credit outreach materials, the kit includes easy-to-read fact sheets on all of the credits; posters and envelope stuffers in English and Spanish; and flyers in many languages. Counties may request or download a free copy of this kit by accessing the Center on Budget and Policy Priorities website at http://eitcoutreach.org

Free tax assistance
Free assistance in preparing taxes is available for those who need it through the Ohio Benefit Bank. The Ohio Benefit Bank has trained counselors and staff across the state to help prepare and file federal and state income tax returns electronically at no cost to eligible Ohioans. Free income tax assistance is also available through an online, self-

service program. For additional information on the Ohio Benefit Bank and to find a local site, go to: http://www.ohiobenefits.org/ or call toll-free at 1-800-648-1176.

The Internal Revenue Service also sponsors a free Volunteer Income Tax Assistance (VITA) program to help low-income workers complete their tax forms. The VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping centers and other convenient locations. To locate the nearest VITA site call the Internal Revenue Service toll-free at 1-800-906-9887 or go to: http://www.irs.gov

Seniors may get help filing their tax returns by calling the American Association of Retired Persons (AARP) Tax Counseling at 1-800-829-1040. To locate the nearest AARP tax site, call toll-free at 1-888-227-7669 or go to:
http://www.aarp.org/money/taxaide/taxcounseling

If you have questions regarding this letter, please direct them to the TANF-FSTA mailbox or by calling 1-866-886-3537 (option 6).

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