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OFFICE OF FAMILY STABILITY LETTER #67  
January 25, 2008

TO: Directors, County Departments of Job and Family Services

FROM: Jeanne Carroll, Deputy Director  
Office of Family Stability

SUBJECT: **Earned Income Tax Credit (EITC), the Child Tax Credit (CTC) and Free Tax Filing Assistance**

Tax season is quickly approaching and we are taking this opportunity to provide updated information on the Federal Earned Income Tax Credit (EITC) and the Federal Child Tax Credit (CTC). Working families served by the County Departments of Job and Family Services could benefit significantly from both of these tax credits. We also would like to provide you with information about free tax assistance services to help families file their taxes.

The EITC is a refundable tax credit that increases the income of low and moderate-income working families by providing tax reductions and cash supplements. The CTC is a credit for taxpayers raising qualifying children. The CTC may reduce a family's tax for 2007 by as much as \$1000 for each of its qualifying children under age 17.

Both of the tax credits are powerful benefits for individuals who work. These tax credits reduce the tax burden on workers, supplement wages, and provide a work incentive.

The tax credits are based on a percentage of the employee's earned income and are claimed by filing a federal income tax return. The credits are subtracted from the amount of tax owed so that individual pays less tax. Individuals may qualify for the refund even if their earnings are too small to owe income tax. Many families can qualify for both credits; the EITC will be larger, but the CTC may significantly boost their income. Workers who have never filed or have not filed their returns in past years may file for up to the past three years and if applicable, would still be eligible to receive the EITC and the CTC for those previous years.

Any refund received as a result of taking the EITC or CTC will not be used to determine an individual's eligibility for TANF, food stamps, Disability Financial Assistance, Medicaid, Supplemental Security Income or low-income housing. If the refund received because of the EITC or CTC is not spent within a certain period of time, it may count as a resource and affect continued eligibility for some of the programs.

### **Who is eligible for the EITC?**

Families who meet one of the following criteria may qualify for the EITC:

- Families with one qualifying child who earned less than \$33,241 (or less than \$35,241 if married and filing jointly) in 2007 may be able to take a credit of up to \$2,853.
- Families with more than one qualifying child who earned less than \$37,783 (or less than \$39,783 if married and filing jointly) in 2007 may be able to take a credit of up to \$4,716.
- Workers 25 to 64 years of age without a qualifying child who earned less than \$12,590 (or less than \$14,590 if married and filing jointly) in 2007 may be able to take a credit of up to \$428.

Workers with at least one qualifying child can get a portion of the basic EITC added to each paycheck they receive during the year. For many working parents, receiving this additional amount of money in their paycheck can make a difference in paying the rent, buying groceries and meeting other day-to-day needs.

For purposes of the 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.

“Qualifying children” must live with the worker for more than half of the year. They must be under age 19, or under age 24 if they are full-time students. Children of any age who have total and permanent disabilities also may be qualifying children.

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

### **Who is eligible for the CTC?**

To be eligible for the CTC refund, a single or married worker must:

- Have at least one qualifying child under age 17;
- Have income under a certain limit, depending upon the tax filing status (e.g., single, married filing jointly, etc); and
- Have taxable earned income above \$11,750 and owe less in taxes than the CTC amount that is claimed.

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

**What help is available?**

Free help is available for those who need it.

The Ohio Benefit Bank is a web-based computer program to connect low and moderate-income Ohioans with access to work supports such as tax credits and other public benefits. The Ohio Benefit Bank is offered through a public-private partnership between the Governor's Office of Faith-Based and Community Initiatives, the Ohio Association of Second Harvest Foodbanks and more than 400 faith-based, non-profit, governmental and private-sector partners. Trained counselors staff 120 Benefit Bank sites across the state to help prepare and file federal and Ohio income tax returns electronically at no cost to eligible Ohioans. Free income tax assistance is also available through an online, self-service program. Attached is a flyer that can be used for outreach. For additional information on the Ohio Benefit Bank and to find a local Benefit Bank site, go to <http://www.OBB.ohio.gov> or call 1-800-648-1176.

In addition, the Internal Revenue Service sponsors a free Volunteer Income Tax Assistance (VITA) program to help low-income workers fill out 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 IRS toll free number at 800-829-1040 or visit their web site at [www.irs.gov](http://www.irs.gov).

**How can agencies get involved in EITC outreach?**

The 2008 "Money Talks! Have You Heard! Community Outreach Kit" is now available to order from the Center on Budget and Policy Priorities (CBPP). It is a valuable tool for organizations wishing to inform communities about EITC, CTC, opportunities for free low-income tax preparation assistance and links to asset development opportunities. In addition to updated EITC and CTC outreach materials, the kit includes easy-to-read fact sheets on both credits; a full range of outreach strategy ideas that have been used successfully in local communities; posters, flyers, and envelope stuffers in English and Spanish; and information on the essential forms workers need to claim the credits. Flyers are also available in 19 languages. Counties may order a free copy of this kit by e-mail at [eickit@cbpp.org](mailto:eickit@cbpp.org) or by calling CBPP outreach staff at 202-408-1080. Additional kits and color posters can be ordered at a nominal charge.

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