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Special to the Triangle Tribune

Durham volunteer helps make sure people collect thousands of dollars in tax credits they're due—and that she didn't receive

DURHAM—Mildred Brown didn't know she could have received as much as \$5,000. Now, she doesn't want other people to make that costly mistake.

Brown became a volunteer who helps working people fill out their federal and state income tax returns at no charge through the Volunteer Income Tax Assistance program. One of the first things she looks for is whether they're eligible for the Earned Income Tax Credit, a program that helps working families who make as much as \$41,000 a year get money back and improve their lives.

"I had a tax preparer who didn't let me know about it," Brown says, "so I never filed for it or claimed it. Over the years, I'd say I probably didn't get as much as \$5,000."

Now, she helps people fill out their tax returns at the Durham Public School System Staff Development Center, 2107 Hillandale Road, which is one of more than 25 VITA sites around the Triangle where IRS-trained tax preparers offer free tax-filing services to people earning less than \$50,000 a year. For a list of VITA sites around North Carolina, go to www.eitc-carolinas.org or call the North Carolina Toll-Free Tax Helpline and talk with a friendly person at Connectinc at 1-800-927-3230.

And starting this year there's an additional incentive: The North Carolina General Assembly approved a North Carolina Earned Income Tax Credit in 2008 that is an additional 3.5 percent of the EITC that a filer receives from the federal government. For families with two or more children, the two credits combined can be worth close to \$5,000 a year.

Families earning up to \$41,646 in 2008 will qualify for the EITC, depending on their number of children and their filing status. Single workers and those without children are also eligible. Workers who don't owe taxes or who aren't required to file a tax return are also eligible, but they must file a federal return to receive the federal credit and a state return for the N.C. EITC. And workers who were laid off or lost their jobs in 2008 as the state's unemployment rate rose to 8.7 percent are still eligible to receive the credit as long as they had earned income during the year. The eligibility requirements for both the federal and North Carolina EITC are the same.

"It assists us with things that are important to our lives," Brown says. "The recipients we've had aren't talking about spending their money on just anything. They're really try to do things to better themselves."

Brown wasn't alone in not realizing that she had been eligible for the tax credit.

Qualified workers leave an estimated \$135 million or more in federal EITC dollars unclaimed every year in North Carolina, costing the state at minimum an additional \$200 million in statewide economic stimulus, according to EITC Carolinas, an initiative of MDC Inc., a nonprofit in Chapel Hill that promotes the EITC and maintains a coalition of supporting organizations across the state.

At an EITC Awareness Day news conference last month, local, state and federal officials emphasized how important the EITC is to families and the community in these difficult economic times.

“I’m so glad to see that it’s expanding,” said Durham Mayor Bill Bell. “I can’t think of a more opportune time, with the economic problems we’ve been having.”

New state Treasurer Janet Cowell and Durham state Rep. Paul Luebke both supported creation of the state EITC in the General Assembly.

“This is one way to put money in people’s pockets,” Cowell said.

“And as we know, the people who will be getting this money will be putting it back in the economy,” Luebke said.

That produces a ripple effect, said U.S. Rep. David Price. “It puts money back in the economy in a way that helps all of us,” he said.

“Each dollar received means \$1.58 in economic activity in Durham,” said Ellen Reckhow, vice-chair of the Durham Board of County Commissioners.

The federal EITC is the nation’s most effective anti-poverty measure aimed at low- and moderate-income working families. Each year, it lifts 5 million Americans out of poverty—more than half of whom are children. In tax year 2005, more than 20 percent of North Carolina taxpayers and their families benefited from the federal EITC, receiving a total of \$1.5 billion.

In addition to tax filers who fail to claim the tax credit, even more money is lost to working people when they use paid preparers and purchase costly rapid anticipation loans—which carry high interest rates in return for getting tax refunds and credits perhaps a week early.

EITC Carolinas helps support a statewide network of free tax preparation sites staffed by participants in the IRS’ VITA program. Often, customers like Mildred Brown come in who are unaware they are eligible for the EITC and leave with the surprise satisfaction of learning that they will receive thousands of dollars back from the IRS that they weren’t expecting. The money often pushes them above the poverty level, allowing them to pay bills, boost savings, or make essential purchases.

TEXT BOX:

To learn more

For a list of locations around the state where VITA volunteers will help fill out tax returns for free, go to www.eitc-carolinas.org or call the North Carolina Toll-Free Tax Helpline and talk with a friendly person at Connectinc at 1-800-927-3230. And you can go to the www.eitc-carolinas.org Web site for an online calculator to see how much money you might get back from the federal EITC or to volunteer to become a VITA tax preparer.

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For more information about the federal or N.C. EITC, EITC Carolinas and the EITC Outreach Working Group, visit www.eitc-carolinas.org, or contact:

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