

Tax Breaks Aren't Just for the Rich



Dial 211 (it's a free call) to learn about tax credits for working families and to find help filing your taxes

If you make less than about \$38,000 and have children at home, the Earned Income Tax Credit and Child Tax Credit can help you keep more of the money you work so hard to earn. If you qualify, you owe less in taxes and may even get hundreds or thousands of dollars back. Plus, there are more tax credits available for saving for retirement and for college.

Keep more of your refund: Don't pay more than you have to for filing your taxes!

- If you use a paid preparer, don't be tempted by "instant refunds." You're paying way too much to borrow your own money!
- Have your taxes done at a [free](#) tax preparation site near you.
- Complete your own tax forms using [free](#) on-line tax preparation and electronic filing.

A community service of The Piton Foundation and 211 Colorado

The IRS is going to give me money?

Yes! The Earned Income Tax Credit (EITC) and Child Tax Credit are benefits for people who work. If you qualify, you'll owe less in taxes and may even get cash back. But to get these credits, you must file a tax return, even if you don't owe income taxes.

Who is eligible?

Eligibility for the various tax credits designed for working families varies. But for the largest tax credit, the **Earned Income Tax Credit**, the guidelines are as follows:

- Families with one child who earned less than \$32,001 in 2006 (or less than \$34,001 if you are married) may be eligible for an EITC of up to \$2,747.
- Families with two or more children who earned less than \$36,348 (or less than \$38,348 if you are married) may be eligible for an EITC of up to \$4,536.
- Workers without children who earned less than \$12,120 in 2006 (or less than \$14,120 if married) may be eligible for a credit of up to \$412.

Families that earned more than \$11,300 also may be eligible for the **Child Tax Credit**, up to \$1,000 for each child.

Workers with incomes under \$50,000 can receive a **Saver's Tax Credit** worth up to 50% of a maximum contribution of \$2,000 for retirement.

There also are two tax credits worth up to about \$2,000 available to persons who pay expenses for higher education.

Important: These tax credits do not count as income when applying for public benefits like food stamps, SSI, Medicaid, TANF, public housing or LEAP.

How can I file my taxes and take advantage of these tax credits?

If you use a paid preparer, on average you can expect to pay between \$100 and \$200. And, it costs even more to get a Refund Anticipation Loan (RAL) or "rapid refund." But beware, these are really high-cost loans! If you don't need the refund immediately, save money by not taking a loan. You speed up the refund by filing electronically, which is what most paid preparers do. And if you have a bank account, you can arrange for your refund to be deposited directly into your account, and that only takes 7-10 days!

A great way to save money is to go to a free tax assistance site, where trained tax preparers will file your taxes electronically at no cost, if you earned less than \$38,000. For the location of a free tax site near you, dial 211 or go to www.piton.org/eitc

Lower-income workers can file free online. If you have access to a computer and the Internet and want to prepare your own tax return, go to www.irs.gov/efile. *Be aware that while your federal tax return is free, some companies charge a fee to file your state tax return, and some also sell Refund Anticipation Loans.* You are under no obligation to purchase any of these products. And you can file your Colorado tax return at no cost online at www.netfile.state.co.us

Do you need help with your energy bill too? Contact LEAP through your county human services office, or call 1-866-432-8435.