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## **State, fed agencies promote tax credit**

By Bruce Edwards STAFF WRITER

Vermont families having a tough time making ends meet are being reminded about a tax credit that can put more money at their disposal.

State and federal agencies have declared today Earned Income Tax Credit Awareness Day as a way to encourage more Vermonters to take advantage of a tax credit that isn't claimed by an estimated 25 percent of eligible taxpayers in the state.

For the 2008 tax filing season, 40,000 Vermont taxpayers claimed the federal EITC that totaled more than \$66 million for an average refund of \$1,652, Lisa Helme of the Office of the State Treasurer said Thursday.

The state EITC last year averaged \$536, bringing the combined federal and state credit to nearly \$2,200.

"We're not talking about a small amount of money, particularly in this economy," said Helme, director of financial literacy and communications. "I mean, I don't think anyone wants to pass up money they'd be entitled to."

Taxpayers may claim the federal EITC when they complete their 1040 or 1040-A form. For the state EITC, Vermonters must first claim the credit on their federal return and then complete the 2009 Vermont Tax Adjustments and Credits form IN-112.

The Internal Revenue Service estimates that as many as 25 percent of eligible Vermonters don't take advantage of the credit, which may be attributed to the paperwork involved, Helme said.

"They think that sort of discourages some people from claiming it," she said.

But Helme said given the amount of money families "may be leaving on the table," taxpayers should consider taking advantage of the EITC.

Criteria to qualify for the credit include:

Three or more qualifying children and earns less than \$43,279 (\$48,279, married filing jointly); or two qualifying children and earns less than \$40,295 (\$45,295, married filing jointly); or one qualifying child and earns less than \$35,463 (\$40,463, married filing jointly); or no children and earns less than \$13,440 (\$18,440, married filing jointly).

The maximum federal EITC for tax year 2009 is \$5,657 with three children, \$5,028 with two children, \$3,043 with one child, and \$457 with no children.

Taxpayers receiving refunds have the option this year to buy U.S. savings bonds through direct deposit. Taxpayers may also request a portion of their refund be used to buy up to

\$5,000 in low-risk Treasury bonds. In addition, refunds may be deposited directly into established traditional IRAs, Roth IRAs and SEP-IRAs.

For Vermonters earning less than \$50,000 in 2009, free tax assistance services are available. IRS- certified volunteer tax preparers work through a statewide network of 64 sites to help taxpayers file their tax returns.

A list of free tax assistance sites is available through the state treasurer's Web site at [www.MoneyEd.Vermont.gov](http://www.MoneyEd.Vermont.gov) or by calling the United Way Information Line at 2-1-1.

The IRS offers an interactive tool to help taxpayers determine whether they qualify for the EITC. The EITC Assistant is located at [www.irs.gov/eitc](http://www.irs.gov/eitc).

For more information, call the state Tax Department at (866) 828-2865.

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