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STATE OF VERMONT
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NEWS RELEASE

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Vermonters Urged to Claim Tax Credit to Lower Taxes or Receive Refund

MONTPELIER, Vt.—Thousands of working Vermonters are potentially missing out on a federal and state income tax credit that, if claimed, could result in a lower tax bill and a sizeable refund check. Last tax season, more than 45,000 Vermonters claimed the federal and state Earned Income Tax Credit or EITC for a combined average refund of more than \$2,000. Today, State Treasurer Beth Pearce, the Internal Revenue Service and other officials gathered to promote awareness of the credit. January 27 is EITC Awareness Day nationwide.

“The Internal Revenue Service estimates that 20 percent of all eligible taxpayers nationwide do not file for the credit,” said State Treasurer Beth Pearce. “Vermont families who earn less than \$49,078 a year may qualify for this credit. In this difficult economy, working Vermonters can receive a much needed financial boost by taking the time to check for their eligibility as they complete their 2011 tax forms.”

The Earned Income Tax Credit is so-named because, to qualify, a person must work and have earned income. Taxpayers may claim the federal EITC as part of completing their 1040, 1040-A or 1040-EZ form. For the state EITC, Vermonters must first claim the credit on their federal return and then file a completed Vermont income tax return with the Vermont EITC application on Schedule IN-112.

The amount of the credit is based on several factors, including the amount of an individual's earnings from wages, self-employment or farming. Generally, taxpayers may be able to claim the credit for the 2011 tax year if their incomes do not exceed the following limits:

- \$43,998 (\$49,078 married filing jointly) with three or more qualifying children;
- \$40,964 (\$46,044 married filing jointly) with two qualifying children;
- \$36,052 (\$41,132 married filing jointly) with one qualifying child; or
- \$13,660 (\$18,740 married filing jointly) with no qualifying children.

For the 2010 tax year, the IRS reported that 44,618 Vermont taxpayers received the federal EITC amounting to \$79.3 million, making the average refund \$1,752. The IRS offers a web site with an easy-to-use interactive tool to help taxpayers determine whether they qualify for the EITC. The EITC Assistant is located at www.irs.gov/eitc.

Vermont's EITC state law allows a resident to receive a tax credit of 32 percent of the amount the taxpayer receives from the federal EITC. For example, if a taxpayer received the maximum federal EITC of \$5,751, the state EITC would be approximately \$1,840. The Vermont Tax Department reports that 43,980 Vermonters claimed the state EITC for the 2010 tax year worth a total of \$25,137,754. The average refund was \$571.

“There will be many new people in Vermont who will qualify for the EITC for the first time due to the addition of children into the family or a cutback in their family wages due to the economy,” said IRS Senior Stakeholder Relationship Tax Consultant Grant Peterson. “The federal EITC was created in 1975 to help offset the impact of Social Security taxes and provides an incentive for work. Workers who qualify for the EITC must file federal income tax returns, even if their income is below the filing requirement, and specifically claim the credit to get it.”

Qualifying for the state EITC also makes families with dependent children income eligible for food benefits through 3SquaresVT and qualifies their children for free school meals, saving families additional money.

“The average monthly 3Squares benefit is more than \$300 for a family with children,” explained Hunger Free Vermont Program Director Dorigen Keeney. “Families not only save money with the tax credit, but also may put more nutritious food on the table.”

A network of more than 80 free tax preparation sites located throughout Vermont are set to open within the next week. The Vermont Volunteer Income Tax Assistance, or VITA sites, served approximately 3,500 Vermonters last year. Vermonters earning less than \$50,000 in 2011 may have their taxes completed by IRS-certified volunteer tax preparers. AARP also offers free tax assistance sites and served an additional 5,000 Vermonters in the last tax season.

A list of free tax assistance sites is available through the State Treasurer’s web site by going to www.MoneyEd.Vermont.gov or through the Vermont Department of Taxes at www.state.vt.us/tax/individual.shtml. Vermonters also may call the United Way Information Line at 2-1-1. For more information, call the Vermont Department of Taxes at 1-866-828-2865 (toll-free in Vermont) or 802-828-2865 for local or out-of-state calls.

Tax Year 2011 Income Limits and Maximum Credit Amounts

Number of Qualifying Children	For Single/Head of Household or Qualifying Widow(er), Income Must be Less Than	For Married Filing Jointly, Income Must be Less Than	Maximum Amount of EITC
No Child	\$13,660	\$18,740	\$464
One Child	\$36,052	\$41,132	\$3,094
Two Children	\$40,964	\$46,044	\$5,112
Three or More Children	\$43,998	\$49,078	\$5,751
Investment income must be \$3,150 or less. Children must meet certain age, relationship, residency, and joint return requirements.			

NOTE: Vermont’s EITC state law allows a resident to receive a tax credit of 32 percent of the amount the taxpayer receives from the federal EITC. For the state EITC, Vermonter’s must first claim the credit on their federal return and then complete the 2011 Vermont income tax return and Schedule IN-112.