

Money Back in Michigan

SAMPLE NEWSLETTER ARTICLE

FEDERAL AND STATE TAX CREDITS CAN RETURN DOLLARS TO LOW-INCOME MICHIGAN HOUSEHOLDS

Low-income taxpayers can benefit from a variety of federal and state tax credits, all of which can help to reduce taxes owed or provide refunds to the taxpayer. These tax credits can significantly increase the financial resources available to low-income households—many of whom struggle to make ends meet.

The federal tax credits include the Earned Income Credit, the Child Tax Credit, the Child and Dependent Care Credit and the American Opportunity Tax Credit. Michigan tax credits include the state Earned Income Tax Credit (currently at 20% of the federal credit), the Home Heating Credit, the Homestead Property Tax Credit and the Child Exemption. Some of these credits are available to individuals who are exempt from filing requirements. In addition, some credits are retroactive and can be claimed after the income tax filing deadline of April 17th.

The assistance provided through these tax credits can make a difference in the lives of poor families. Agencies and organizations across the state can help low-income taxpayers benefit from these credits by participating in outreach efforts that may include distribution of informational materials (including articles in newsletters), convening meetings and training sessions and setting up taxpayer assistance clinics during the tax filing season. Outreach should include educating low-income tax filers on the drawbacks of using expensive rapid-refund services that diminish the size of their refund. Free and ethical taxpayer assistance is available in most communities.

The Michigan EITC Statewide Coalition has established a website (www.MichiganEIC.org) to assist tax filers, service providers, and volunteers. Filers can visit the website to find out more about the EITC and whether they qualify and they can use the website's free **I-CAN! E-File** program (also available at www.icanefile.org) to prepare and file their taxes online. Filers and volunteers can also find out about free Volunteer Income Tax Preparation (VITA) sites in their communities by going to the website or by calling 2-1-1. (*Note: Most counties in Michigan are served by 2-2-1. If your organization is not located in a county with 2-1-1 service, substitute 1-800-552-1183 for 2-1-1 in your article. For a list of covered counties, go to www.uwmich.org/2-1-1.*)

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LOW-INCOME FAMILIES CAN GET RELIEF WITH HOME HEATING EXPENSES

Due to the high cost of oil and natural gas, Michigan families and individuals are facing enormous home heating expenses this winter. In Michigan, these costs especially harm low-income working families who may be forced to forgo other necessities in order to pay their monthly heat bills. Many of these families have young children, who are particularly impacted by the financial strain arising from monthly energy costs.

To help offset some of these expenses, the State of Michigan provides a Home Heating Credit to Michigan residents. Homeowners and renters can receive the credit even if they do not owe any Michigan income tax and do not file an income tax form for 2011. (The form used to claim the credit is separate from the Michigan income tax form.)

Residents who pay their heating bills themselves get the credit in the form of an energy voucher, which must then be sent to their heat provider. Renters who have heat included in the rent receive a check for half of their credit amount, while recipients of the Family Independence Program have their credit sent directly to the heat provider.

Unlike most tax credits, which need to be claimed on tax forms filed before April 17, the home heating credit can be filed as late as September 30, 2012. Agencies and organizations that serve low-income people are encouraged to make their clients aware of the credit and to assist them in filing for the credit if needed. Filers can also find out where to receive assistance through the Michigan Statewide EITC Coalition's website (www.MichiganEIC.org) or by calling 2-1-1.