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PRESS RELEASE

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TAX CREDITS FOR WORKING FAMILIES: 493,000 Hoosiers Claimed EITC in 2008

Indianapolis, IN – Today is National Earned Income Tax Credit (EITC) Awareness Day. The Indiana Institute for Working Families, a program of the Indiana Community Action Association, is releasing information in conjunction with the National Women’s Law Center to make working Hoosiers aware of tax credits they may be eligible for in tax year 2009.

“Federal and state tax credits for working families are worth more than ever this year,” said Nancy Duff Campbell, Co-President of the National Women’s Law Center. “Families are facing incredible economic pressures, and can’t afford to leave this money on the table.”

In particular, the EITC is available to working individuals with children earning incomes below \$35,000 to \$48,000 (depending on marital status and the number of children in the family). Childless low income workers earning below about \$13,000 (\$18,000 for a married couple) may be eligible. The maximum credit is worth up to \$5,657.

Given the current economic recession, the EITC may be more important to working families than ever before. It is important to note that if a tax filer was eligible for the EITC and did not claim it tax returns may be amended to claim the EITC up to three years retroactively. For a family with two children this could equate to \$14,388 (for tax year 2007, 2008, and 2009) that would help many struggling families pay for essentials such as health care, child care, and housing.

Indiana is one of 24 states that have their own state EITC to supplement the federal credit. Indiana’s EITC is based on the federal EITC and is set at 9 percent of the federal credit. In 2008, 24 million Americans and over 493,000 Hoosiers benefitted from the EITC and received an average credit of \$1,991. In total, the EITC put nearly \$981.6 million back into the pockets working Hoosier families. However, the IRS estimates that 25 percent of working individuals who are eligible for the EITC do not claim the credit.

Changes in federal law increased the help that is available from existing tax credits, and also created one new tax credit for working families. These credits may be worth up to thousands of dollars to eligible families and can help offset the cost of child care and other expenses. Some of the other tax credits families may be eligible for:

- **Child Tax Credit**, designed to help families offset some of the costs of raising children. This credit is worth up to \$1,000 per child. Families who owe little or no income tax can receive some or all of this credit as a refund if they earned at least \$3,000 in 2009.
- **Child and Dependent Care Tax Credit**, designed to offset some of the child or dependent care costs that families incur in order to work. This credit is worth up to \$2,100, though the amount that can be claimed is limited by a family's federal income tax liability.
- The new **Making Work Pay Credit**, designed to increase families' take-home pay. This refundable credit is worth up to \$800 for couples. Many workers already have received its benefits through an increase in their take-home pay.

“These credits can help families in Indiana make ends meet, but they must file a tax return to claim the credits,” Lisa Travis, Team Leader of CAA Network Support said. “Our goal is to help more families learn about the benefits of these tax credits, so they don't miss out.”

To learn more about these tax credits, please visit www.irs.gov.

To learn more about the EITC, view the Institute's EITC policy brief at www.incap.org and look in the News & Updates section on the homepage.

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Indiana Community Action Association (IN-CAA)

The Indiana Community Action Association, Inc. (IN-CAA) is a statewide not-for-profit membership corporation, incorporated in the State of Indiana in 1970. IN-CAA's members or Network is comprised of Indiana's 24 Community Action Agencies (CAAs), which serve all of Indiana's 92 counties. IN-CAA envisions a state with limited or no poverty, where its residents have decent, safe, and sanitary living conditions, and where resources are available to help low income individuals attain self sufficiency.

Indiana Institute for Working Families

The Indiana Institute for Working Families, a program of the Indiana Community Action Association (IN-CAA), was founded in 2004 with generous support from The Joyce Foundation. The goal of the Institute is to help Hoosier families achieve and maintain economic self-sufficiency. The Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies and programs impacting low-income working families with education and outreach. The Institute achieves its work by focusing its activities in the following areas: public policy research and analysis; advocacy, education, and information; and national, statewide, and community partnerships.