Community Action and Financial Empowerment at Tax Time

A Joint Webinar of the National Community Action Partnership and the Consumer Financial Protection Bureau

January 31, 2024







The Promise Of Community Action

Community Action changes people's lives, embodies the spirit of hope, improves communities, and makes America a better place to live.

We care about the entire community, and we are dedicated to helping people help themselves and each other.

Helping People. Changing Lives.
community Action PARTNERSHIP
AMERICA'S POVERTY FIGHTING NETWORK

Today's Objectives

As a result of this webinar, participants will be able to :

- Describe the value to consumers of claiming tax credits and using free IRS-certified tax assistance options
- Connect LMI households to IRS-certified tax assistance options using existing resources
- Adopt field-tested strategies used by CAAs to help consumers protect their money and improve their financial well-being at tax time

Agenda

- Using IRS Data to Understand the Importance of Free Tax Assistance to Local Residents
- Free Tax Assistance Options
- Resource for Getting the Word Out
- Tax Time Financial Empowerment by CAAs
- Getting Your Community More Involved

Today's presenters

- Ryan Gelman, Director, Public Policy and Advocacy, NCAP
- Irene Skricki, Senior Financial Education Program Analyst, Consumer Financial Protection Bureau (CFPB)
- Ce Garrison, City Project Manager / Policy & Advocacy Supervisor, Louisville Metro Government
- JC Craig, Training and Technical Assistance Provider, CFPB Tax Time Initiative

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Poll



Using IRS Data to Understand the Importance of Free Tax Assistance to Local Residents

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Tax refunds and credits are a critical source of income

For many residents of your community, their tax refund is one of the largest single payments they receive.

Average Tax Refund in 2023 – $2,812

The average Earned Income Tax Credit nationwide was about $2,043, with a maximum credit of $7,430

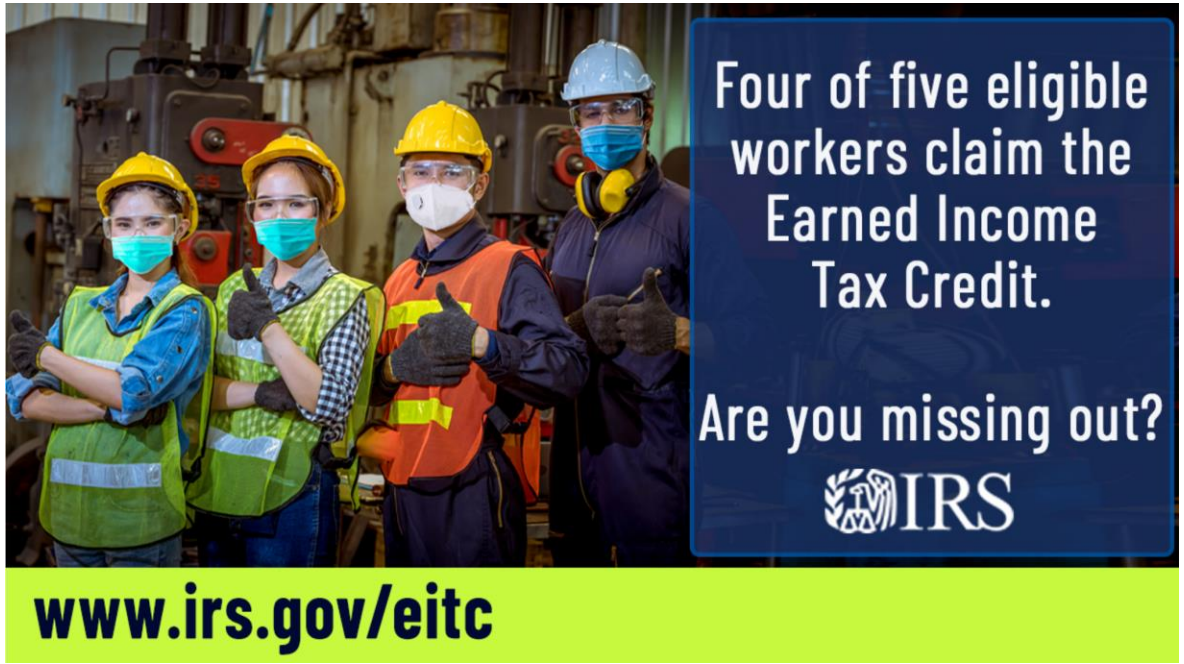
Earned Income Tax Credit (EITC) and Child Tax Credit (CTC).

The EITC and CTC greatly reduce poverty for working families. These tax credits:

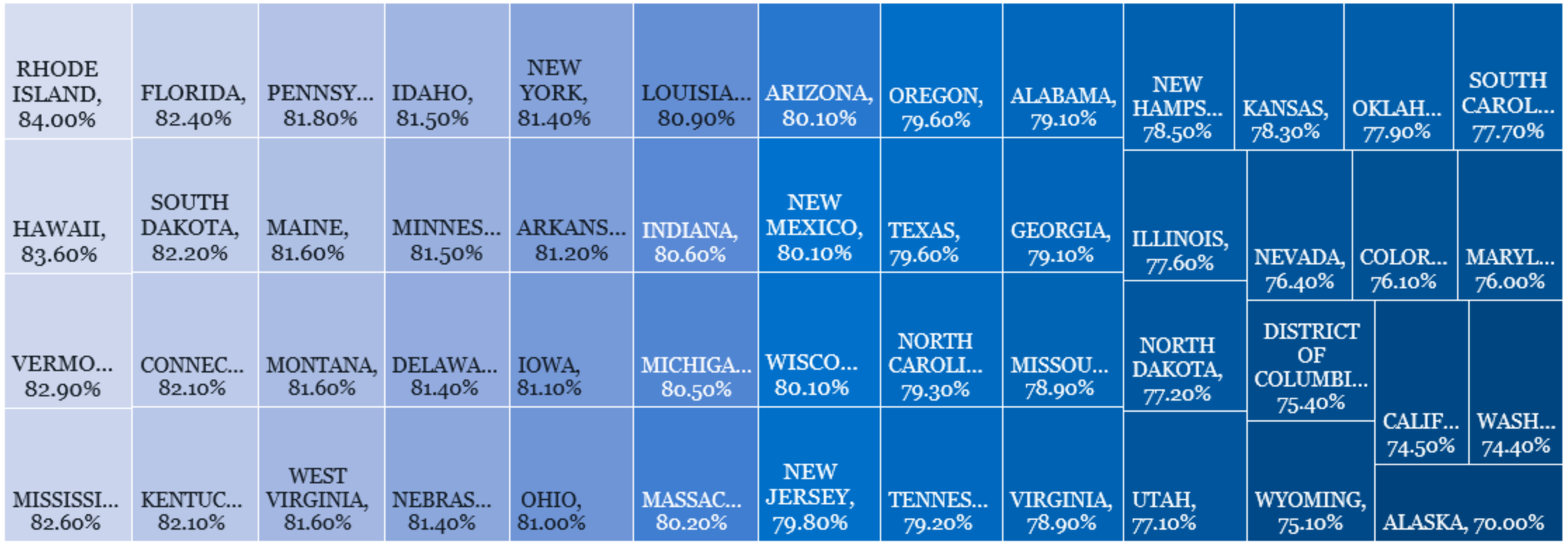
- Lifted 5.6 million people out of poverty in 2018, including 3 million children

Not all eligible taxpayers claim the EITC:

- In 2022, about 31 million eligible workers and families received about $64 billion under the EITC. That's about **20%** of all taxpayers.
- **21% of EITC-eligible taxpayers don't receive the tax credit.**



EITC-eligible taxpayers obtaining the tax credit



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Refund anticipation checks (RACs)

- Short-term bank product that allows the consumer to pay the tax preparation fee out of the refund instead of upfront. When the refund is received, the tax preparer will take out the RAC fee, filing fee, and any other service fees, and send the remaining refund to the consumer. RAC fees typically range from $30 to $50.

Use of paid preparers and RACs (Tax Year 2020)

- Total returns filed — 164 million
- Returns filed with paid preparer signature — 86 million or 52% of total
- Returns filed using a RAC — 22 million or 13% of total

- Returns filed by taxpayers with income <$60K — 106 million or 65%
- Under $60K income using paid preparer — 51 million or 48% of 106 million
- Under $60K income using a RAC — 18 million or 17% of 106 million

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- Total EITC Claimants — 25.5 million
- EITC Claimants using a paid preparer — 13 million or 51% of total
- EITC Claimants using a RAC — 8.5 million or 33% of total

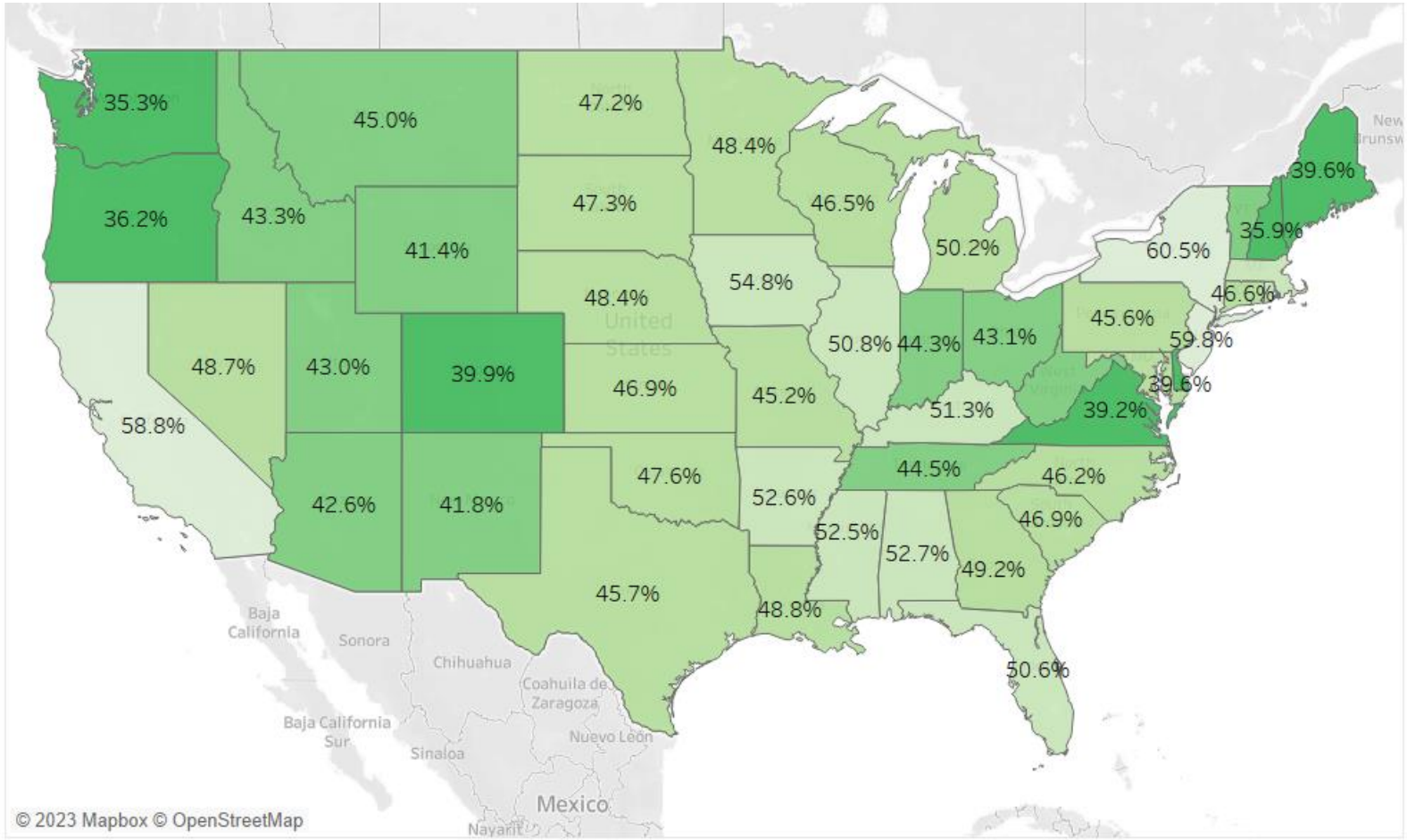
Estimated cost of using paid preparers and RACs (TY 2020)

Returns filed with paid preparer signature	86 million or 52% of total
Returns filed using a refund anticipation check (RAC)	**22 million or 13% of total**
Average tax return preparation fee	$220
Average RAC fee	$ 35
Total average fee	$255
Total tax prep fees paid by all filers	$18.9 billion
Total RAC fees paid by all filers	$770 million
Total prep and RAC fees paid by all filers	**$19.67 billion**

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Sources: https://www.moneyrates.com/savings/tax-preparation-cost.htm and https://www.investopedia.com/articles/taxes/021717/what-will-i-pay-tax-preparation-fees.asp

Tax filers with incomes less than $60K using paid preparers



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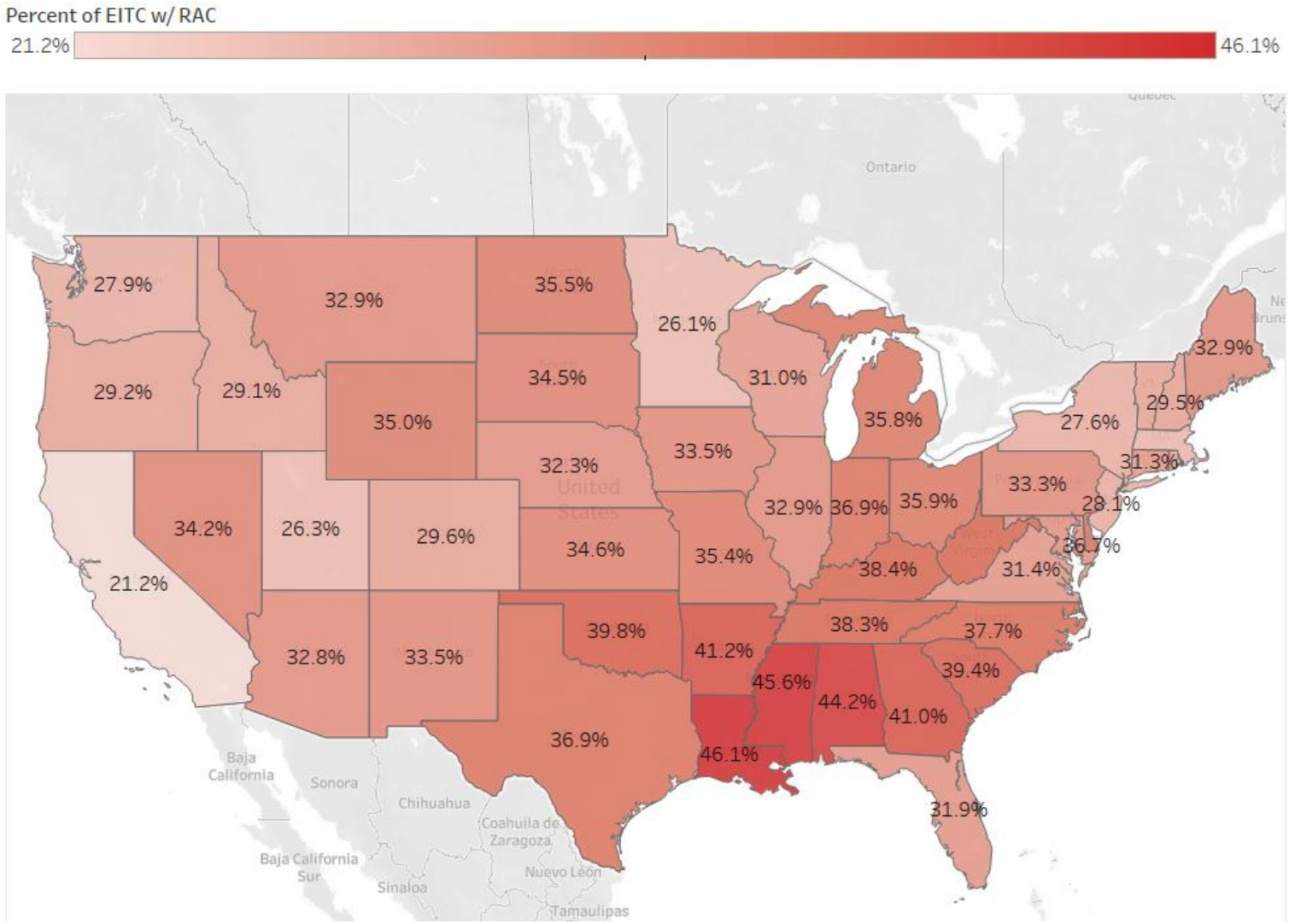
Potential savings to EITC claimants with a RAC in 2020

EITC filers using paid preparer	13 million (52%)
EITC filers using a Get Banked refund anticipation check (RAC)	**8.5 million (33.1%)**
Average tax return preparation fee	$220
Additional EITC form	$ 65
Average RAC fee	$ 35
Total average fee	$320
Total tax prep fees paid by EITC filers	$2.42 billion
Total RAC fees paid by EITC filers	$297.5 million
Total prep and RAC fees paid by EITC filers	**$2.72 billion**

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Sources: https://www.moneyrates.com/savings/tax-preparation-cost.htm and https://www.investopedia.com/articles/taxes/021717/what-will-i-pay-tax-preparation-fees.asp

EITC filers using paid preparers and RACs



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Finding IRS data for your community

- The IRS Statistics of Income (SOI) program provides information to the public including local tax filing and income statistics for your community.
- SOI tax statistics for geographic areas can be found on IRS.gov: https://www.irs.gov/statistics/soi-tax-stats-data-by-geographic-area

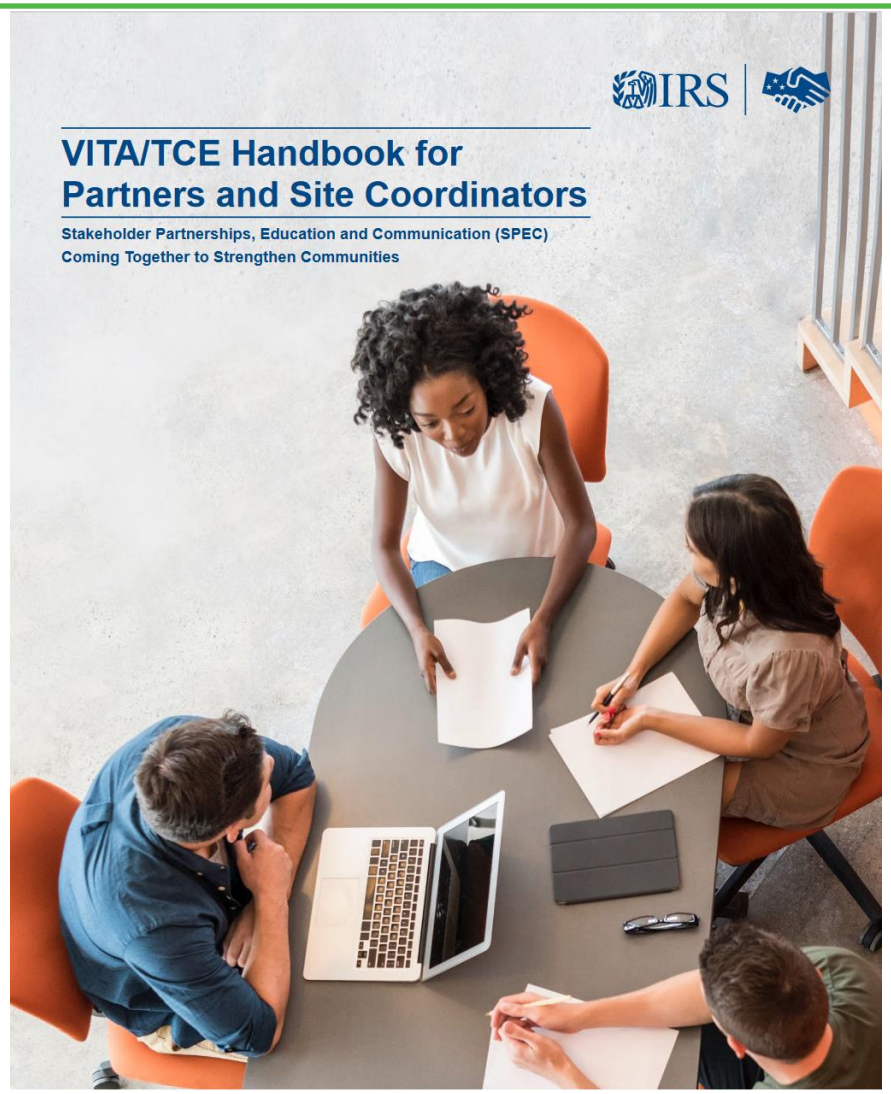
Free Tax Assistance Options

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Volunteer Income Tax Assistance (VITA), Tax Counseling for the Elderly (TCE), and AARP Foundation Tax-Aide

2021 filing season VITA statistics:

- Federal returns prepared: 2,212,442
- Volunteers: 57,420
  - Return per volunteer: 38.5
- Volunteer tax preparation sites: 9,093
  - Return per site: 243.3
- Return accuracy: 96.4%

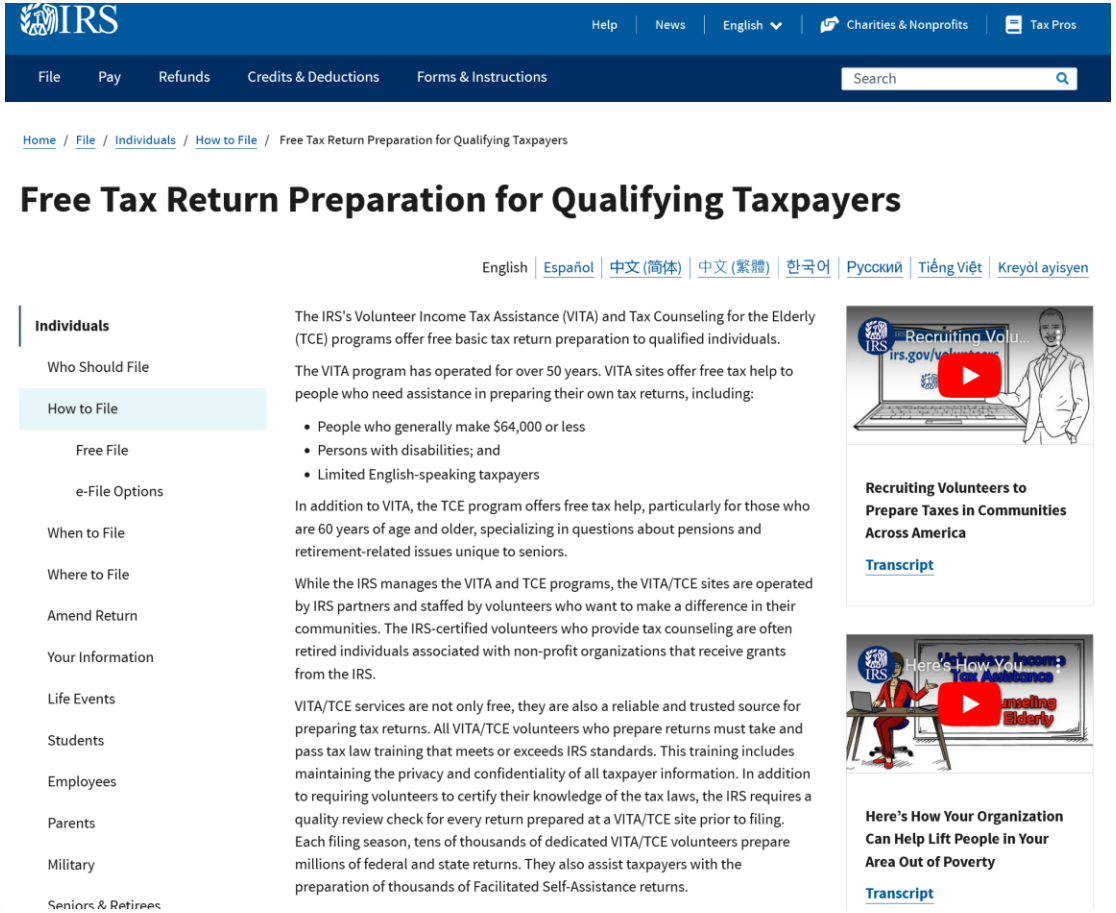


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Free IRS-certified tax assistance…

Saves money	Local residents save the cost of tax preparation and tax software fees. That keeps more money in the local economy.
Gets it right	IRS training and quality control requirements result in highly accurate returns.
Reaches people who cannot afford to pay for tax prep	In particular, consumers whose refund will be less than the cost of paid preparation fees can file.

Find VITA/TCE and AARP Tax-Aide sites through IRS.gov

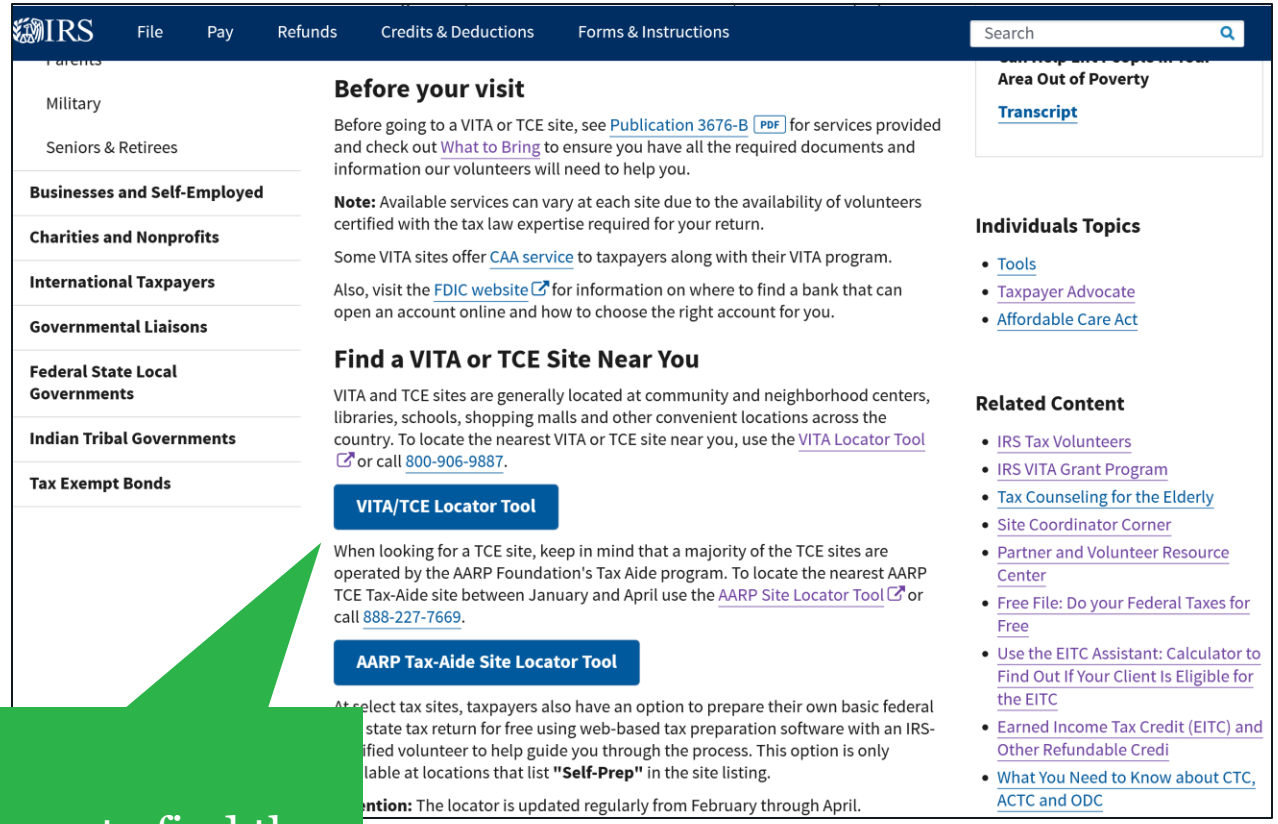


Income guidelines for free tax assistance:

- The IRS and most VITA sites indicate that their services are for taxpayers with AGI's of $64,000 or less
- VITA sites may set their own income guidelines that are different from what the IRS lists.
- Most VITA make exceptions to the guidelines based on individual facts and circumstances.

https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers

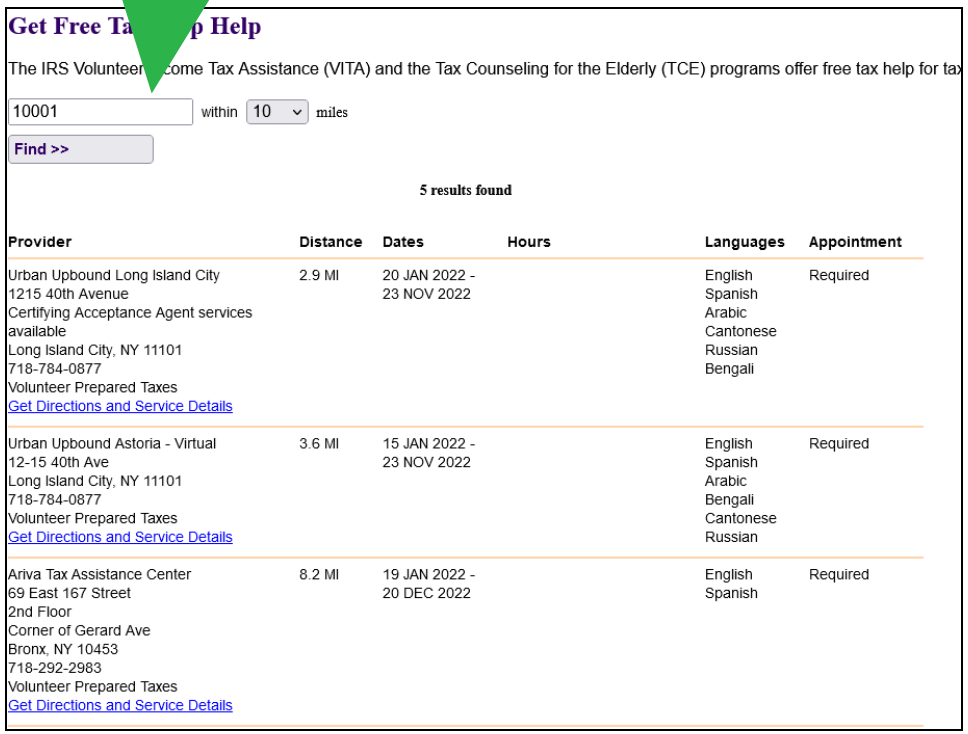
VITA/TCE locator tool



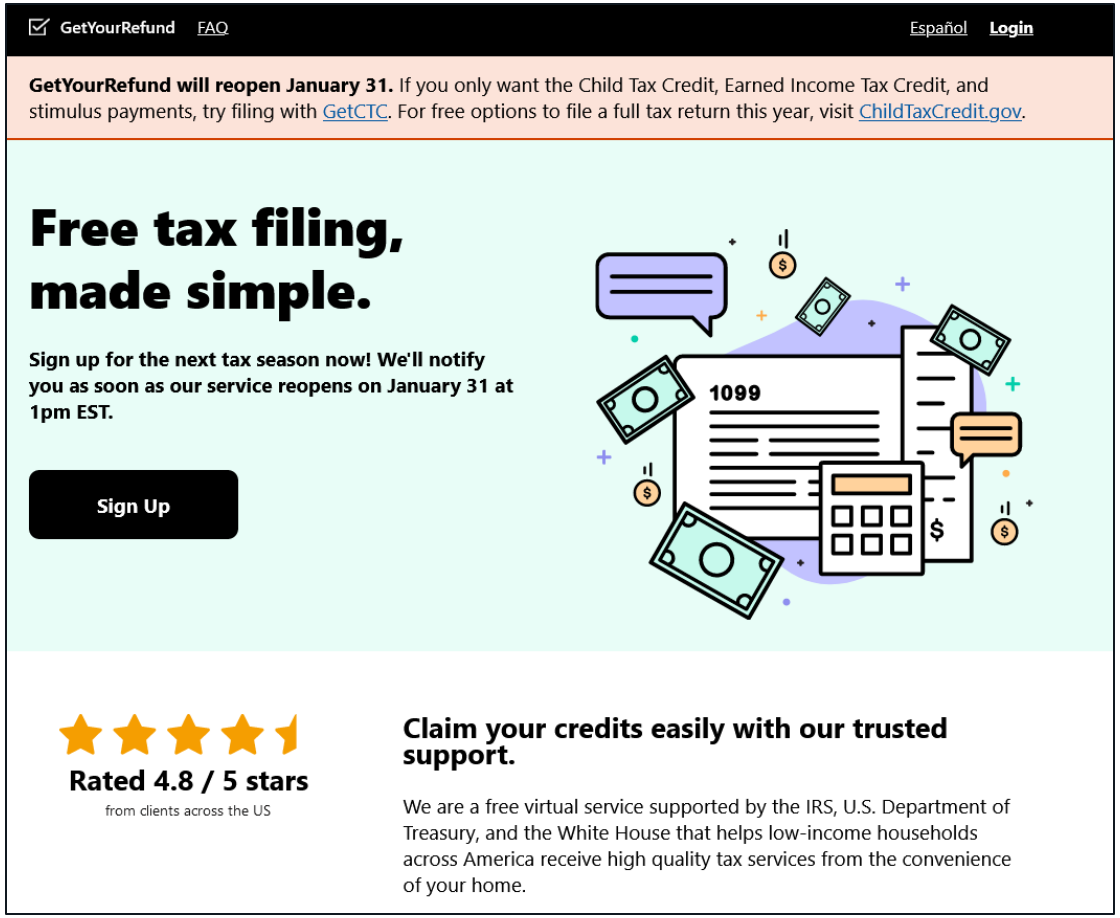
Scroll down to find the VITA\TCE and AARP Tax-Aide locator tools

https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers

Find nearby VITA sites by zip code and distance



Code for America's GetYourRefund – Virtual VITA

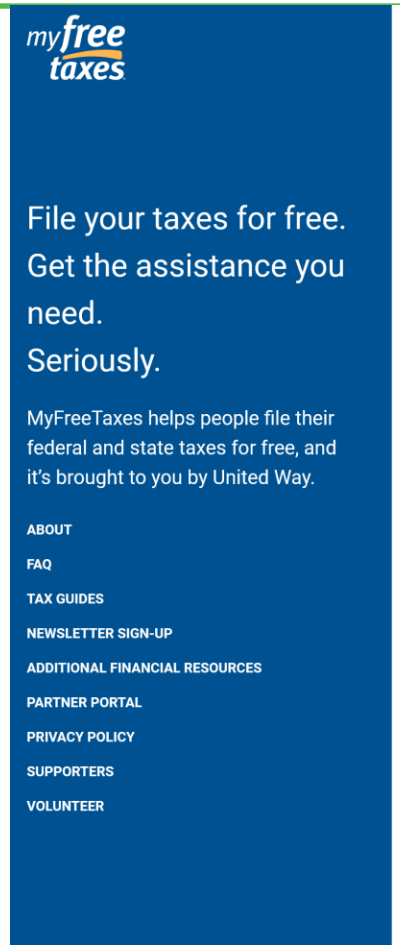


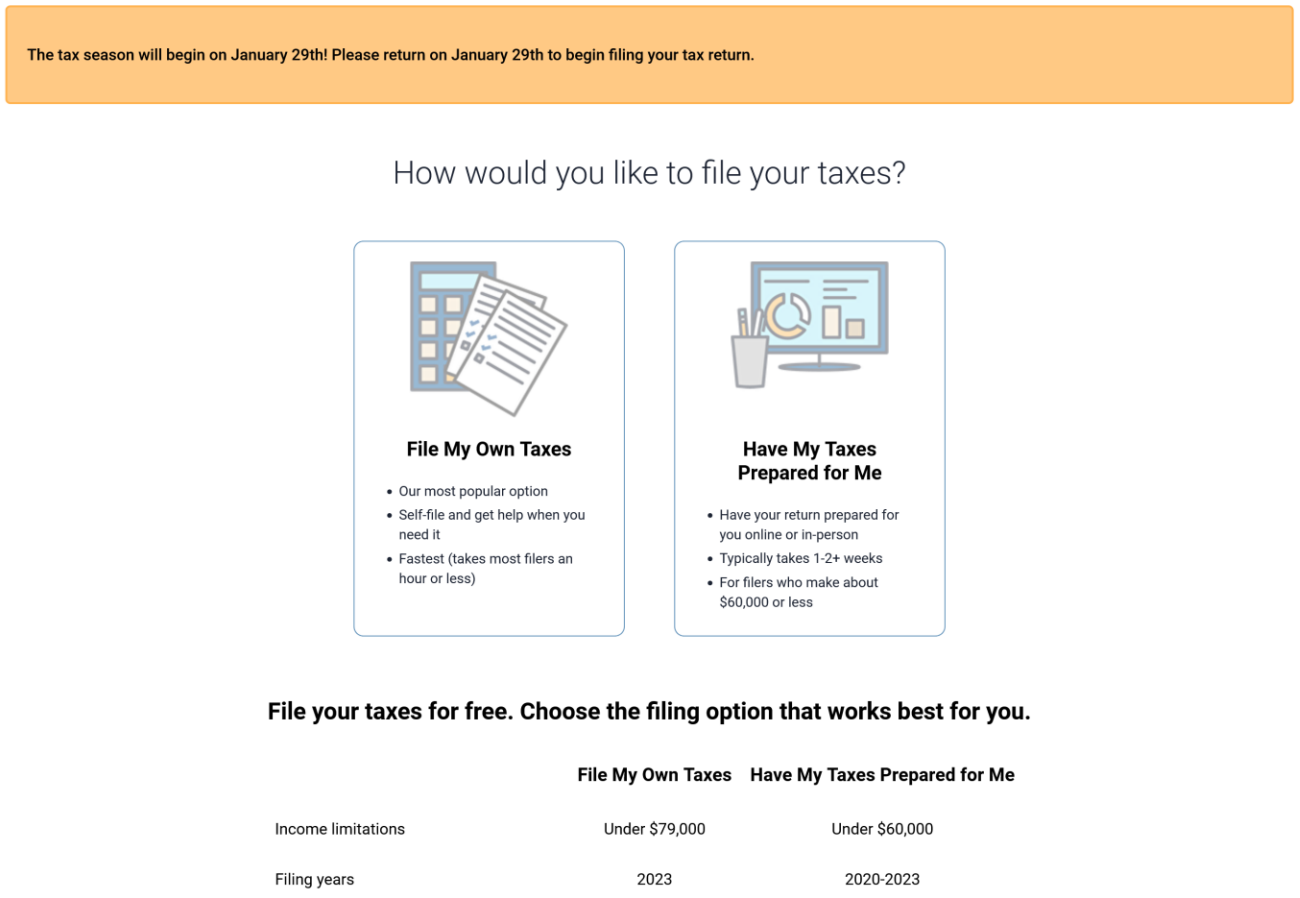
Code for America collaborates with local VITA sites to provide free tax assistance remotely.

- Taxpayers upload information through GetYourRefund.
- Volunteers prepare returns at local VITA sites around the country.
- Note: Local VITA sites may offer Virtual VITA not using GetYourRefund.
- GetYourRefund also offers a self-preparation option in collaboration with United Way Worldwide.

https://www.getyourrefund.org/en

myfreetaxes.com





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https://myfreetaxes.com/

Resources for Getting the Word Out

Getting the Word Out:
Flyers About Free Filing Options

Available in English and Spanish at
https://consumerfinance.gov/free-filing

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Get free tax help and keep more of your money!

You probably qualify for **free tax preparation** from IRS-certified preparers. To get the **best value** this tax season:

- **Find a site near you:**
  - Go to IRS.gov and search for 'Free Tax Return Preparation' OR
  - Go to AARP.org and search for 'Tax-Aide Locator'

OR

- **File online with help:**
  - Go to GetYourRefund.org for online tax preparation by IRS-certified preparers OR
  - Go to MyFreeTaxes.com to prepare your own tax return with assistance from IRS-certified preparers

These IRS-certified options are not only free, but also accurate and convenient. How much of your refund is going into *your* pocket this year?

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consumerfinance.gov

consumerfinance.gov/free-filing-flyer

Getting the Word Out: YouTube Videos

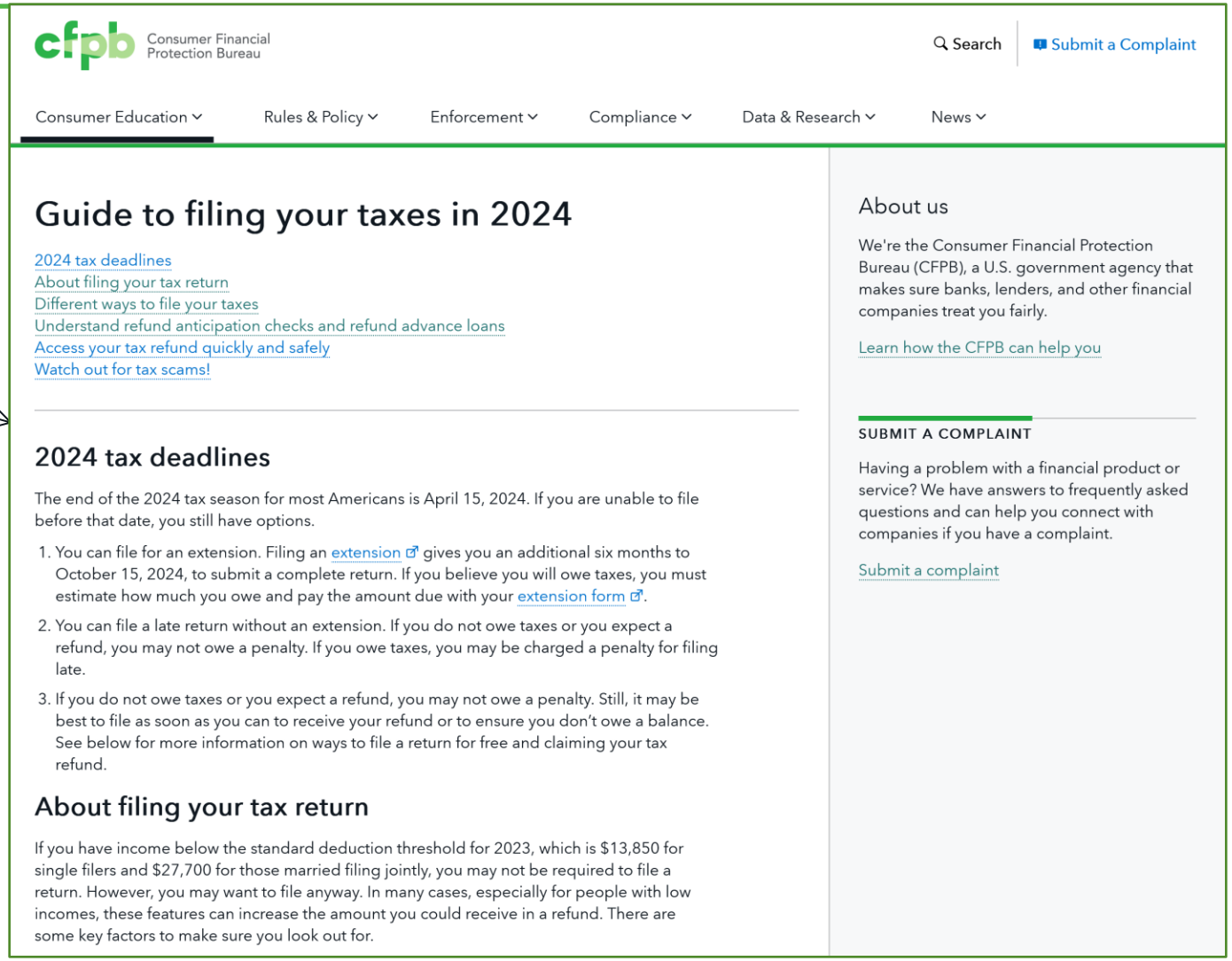
- Service Providers! Get the Word Out About Free Tax Filing Options: https://youtu.be/sN8ELZytwj8
- Tax Time Minute on Online Tax Prep: https://youtu.be/rX9QVn1Ufh4
- Tax Time Minute on Tax Prep in Your Community: https://youtu.be/Plo1PImmemc



Service Providers! Get the Word Out About Free Tax Filing Options

More Resources for Getting the Word Out

- Text for a blog post on free-filing options
- Social Media Messaging Calendar
- Guide to Filing your Taxes for the 2022 Tax Year



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Guide to filing your taxes in 2024

2024 tax deadlines
About filing your tax return
Different ways to file your taxes
Understand refund anticipation checks and refund advance loans
Access your tax refund quickly and safely
Watch out for tax scams!

2024 tax deadlines

The end of the 2024 tax season for most Americans is April 15, 2024. If you are unable to file before that date, you still have options.

1. You can file for an extension. Filing an extension gives you an additional six months to October 15, 2024, to submit a complete return. If you believe you will owe taxes, you must estimate how much you owe and pay the amount due with your extension form.
2. You can file a late return without an extension. If you do not owe taxes or you expect a refund, you may not owe a penalty. If you owe taxes, you may be charged a penalty for filing late.
3. If you do not owe taxes or you expect a refund, you may not owe a penalty. Still, it may be best to file as soon as you can to receive your refund or to ensure you don't owe a balance. See below for more information on ways to file a return for free and claiming your tax refund.

About filing your tax return

If you have income below the standard deduction threshold for 2023, which is $13,850 for single filers and $27,700 for those married filing jointly, you may not be required to file a return. However, you may want to file anyway. In many cases, especially for people with low incomes, these features can increase the amount you could receive in a refund. There are some key factors to make sure you look out for.

About us

We're the Consumer Financial Protection Bureau (CFPB), a U.S. government agency that makes sure banks, lenders, and other financial companies treat you fairly.

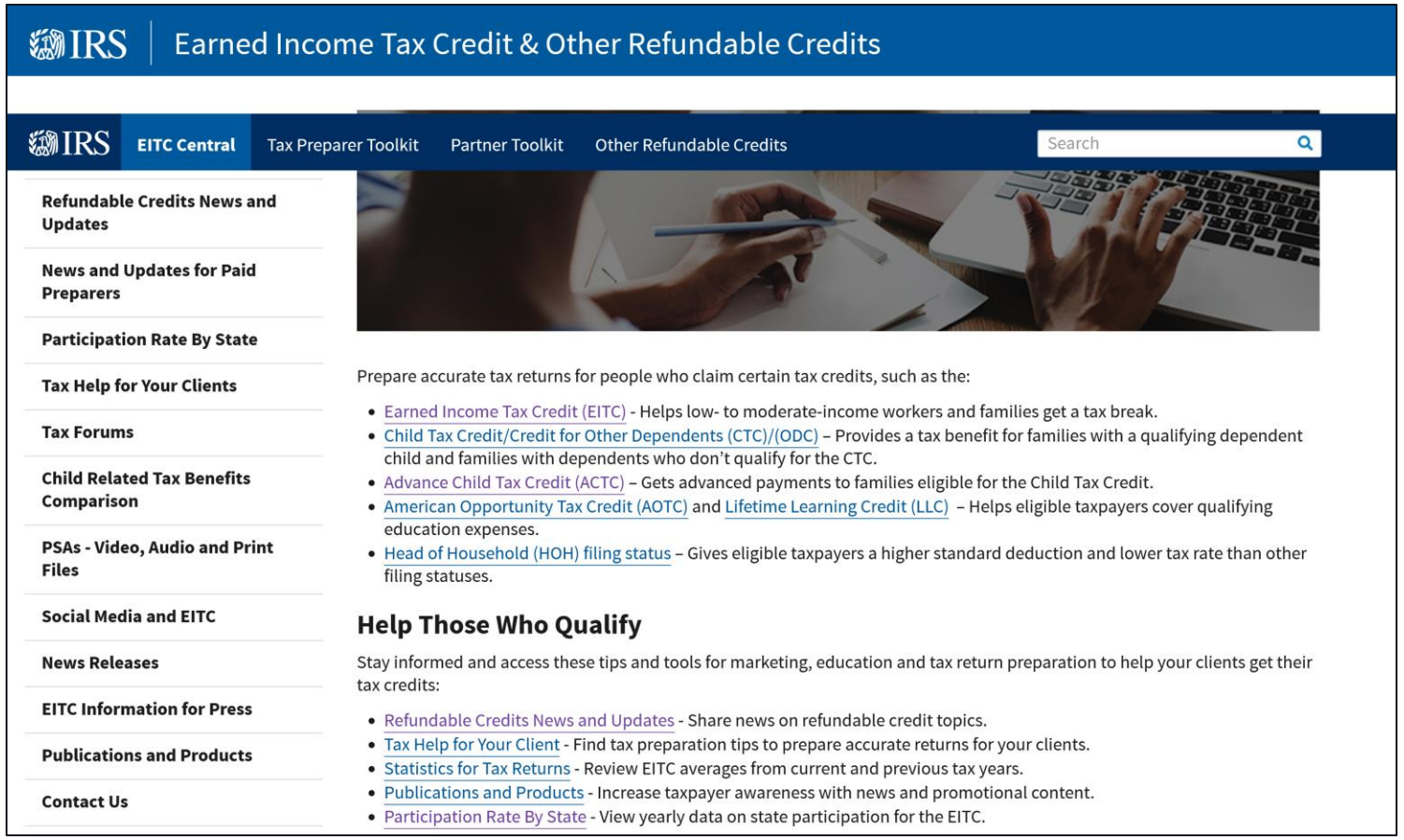
Learn how the CFPB can help you

SUBMIT A COMPLAINT

Having a problem with a financial product or service? We have answers to frequently asked questions and can help you connect with companies if you have a complaint.

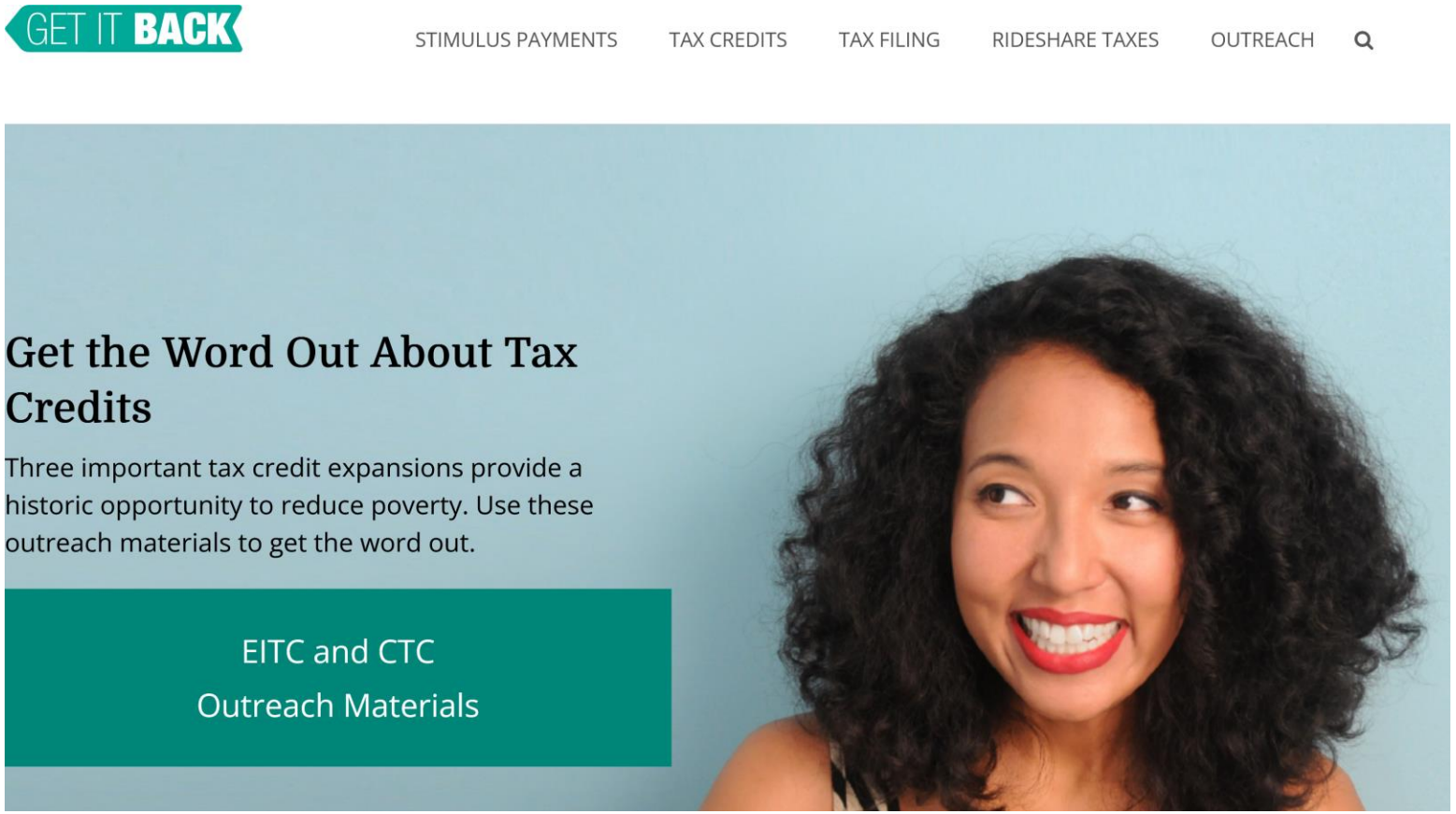
Submit a complaint

IRS EITC Central



https://www.eitc.irs.gov/

Get It Back Campaign



Consumer Financial Protection Bureau

https://www.taxoutreach.org/

FDIC.gov #GetBanked Webpage





fdic.gov/GetBanked
fdic.gov/AbreUnaCuenta







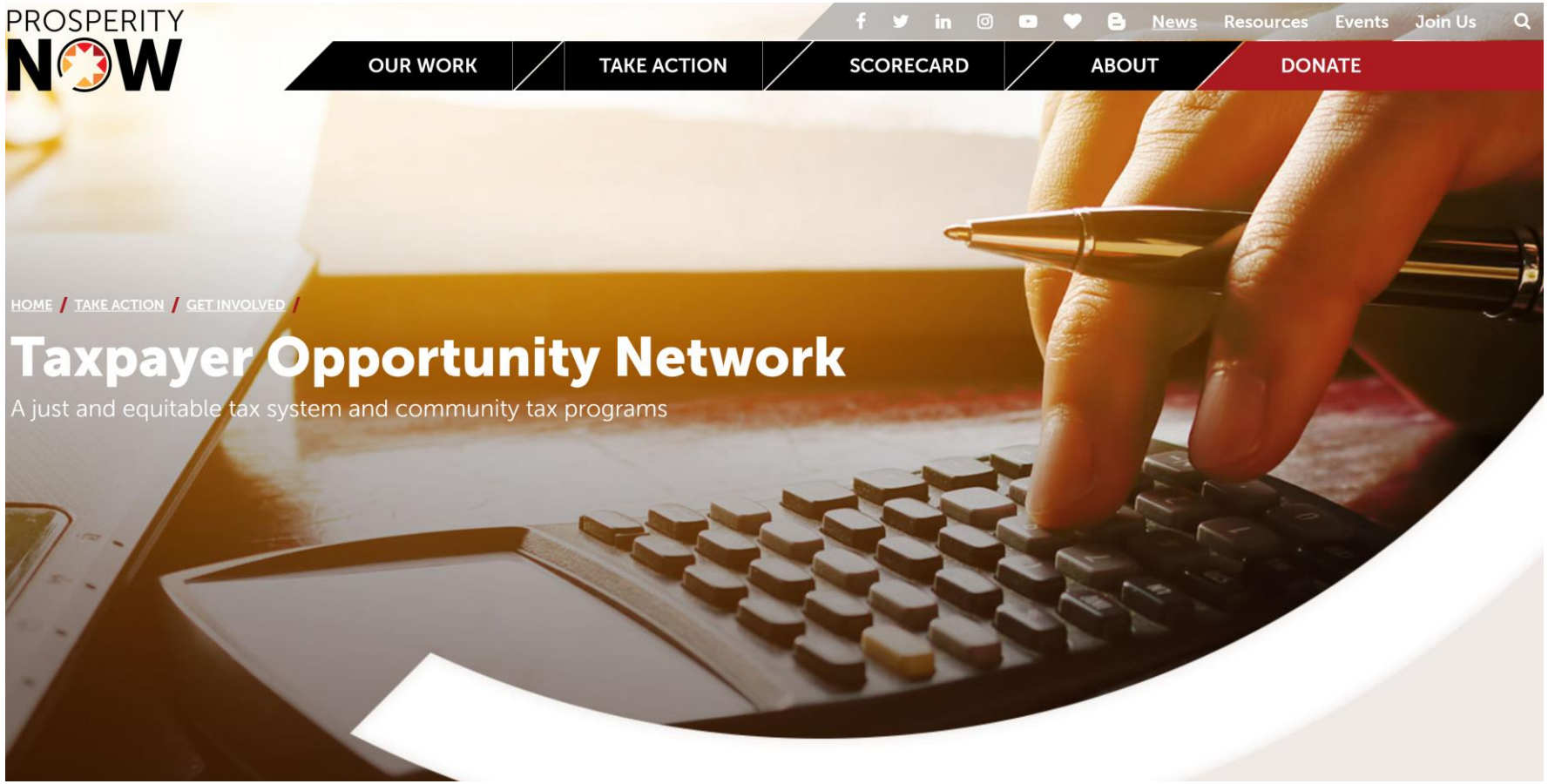






FDIC

Prosperity Now: Taxpayer Opportunity Network



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https://prosperitynow.org/get-involved/taxpayer-opportunity-network

Tax Time Financial Empowerment by CAAs

Ce Garrison, City Project Manager / Policy & Advocacy Supervisor
Louisville Metro Government

Consumer Financial Protection Bureau

OFFICE OF
RESILIENCE AND
COMMUNITY SERVICES

Tax Time Connect

Ce Garrison, CCAP
Louisville Metro Government
Office of Financial Empowerment

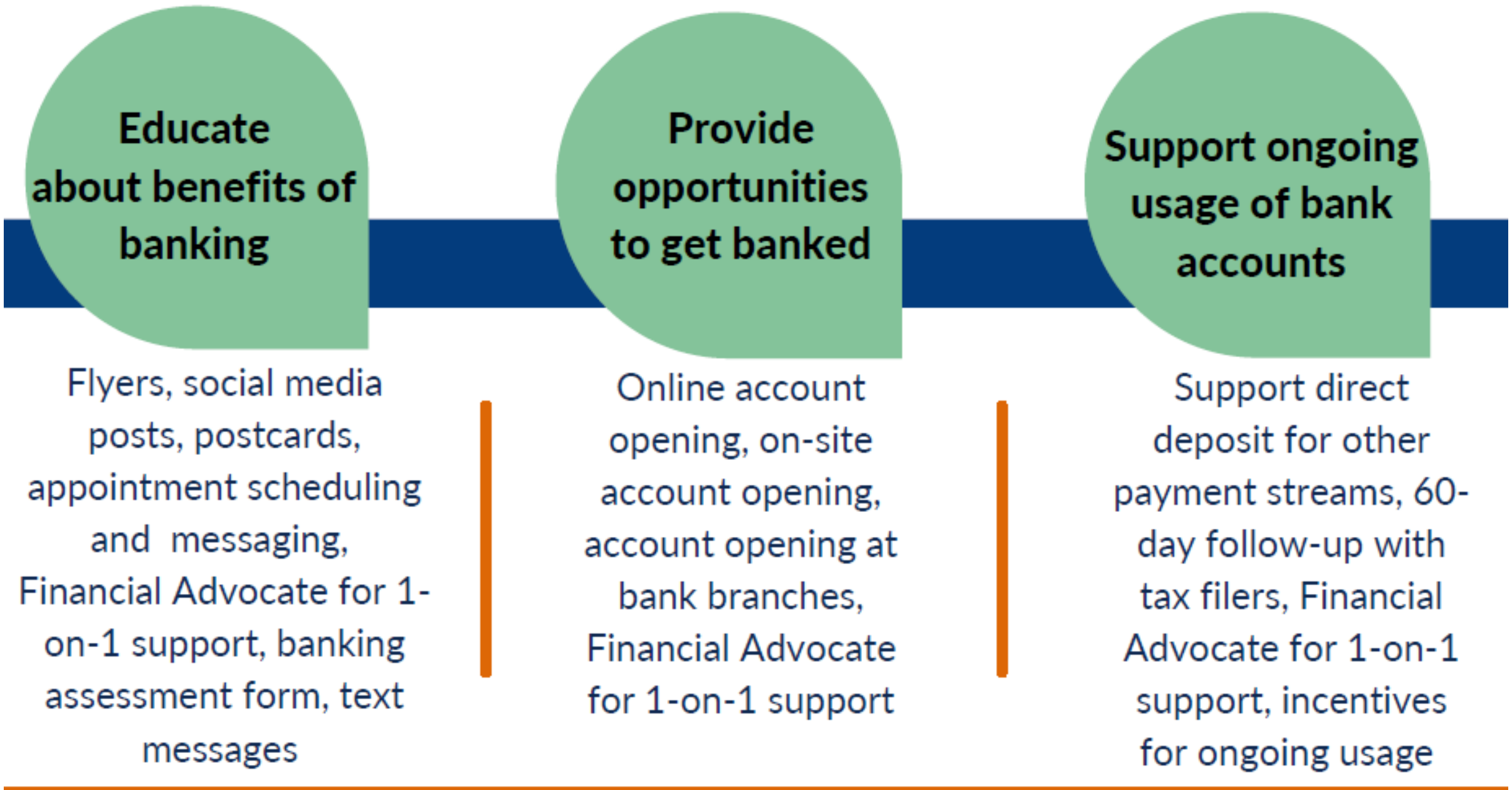
LOUISVILLE ASSET BUILDING COALITION

Louisville Financial Empowerment Center

BANK ON LOUISVILLE
Learn. Save. Grow.
Est. 2010



Project Components



Brief Financial Health Assessment



Do you currently have a Bank Account?

A. Traditional
B. Online (Chime, CashApp, etc)
C. Paycard (DebitExpress, GreenDot, etc.)
D No account

Are you satisfied with your current money management system?

Yes No

Do you file taxes?

A. Yes, paid service
B. Yes, self-file/family files
C. Yes, free filing/ VITA
D Don't or haven't filed

Do you know your credit score?

A. Yes, it needs work
B. Yes, i am happy with my credit
C. No, I do not use credit.
D No or I am not sure

Do you have enough money to pay for your monthly expenses without stress or borrowing money/using credit?

A. Yes, most of the time
B. Yes, some of the time
C. Someone else manages my household finance
D I am usually financially stressed

Do you have any money saved for an emergency?

A. Yes, over $400
B. Yes, under $400
C. No, I do not have the resources or need help
D No, I am worried about my benefits

Other Tax Integration Strategies



Employee Benefits

Integrating a VITA partnership as a resource of employee benefits gives staff an opportunity to access services for their own financial wellness and can then speak directly to the process.



Financial Counseling

Financial Empowerment Centers are available in 50 municipalities across the US. Integrating VITA services to FEC services for pre- and post-tax financial counseling can build financial planning skills and longer term engagement. fecpublic.org



Engagement for Program Credit

Programs that require meeting milestones can benefit from having a financial service component. Engaging in financial services creates a “supervitamin effect” which increases likelihood of outcomes overall.



Be a VITA resource

Community Action volunteers can be VITA volunteers too. Sharing VITA program updates and volunteer requests on social media and with partners will help strengthen and increase capacity of local VITA programs. Be a site for VITA.

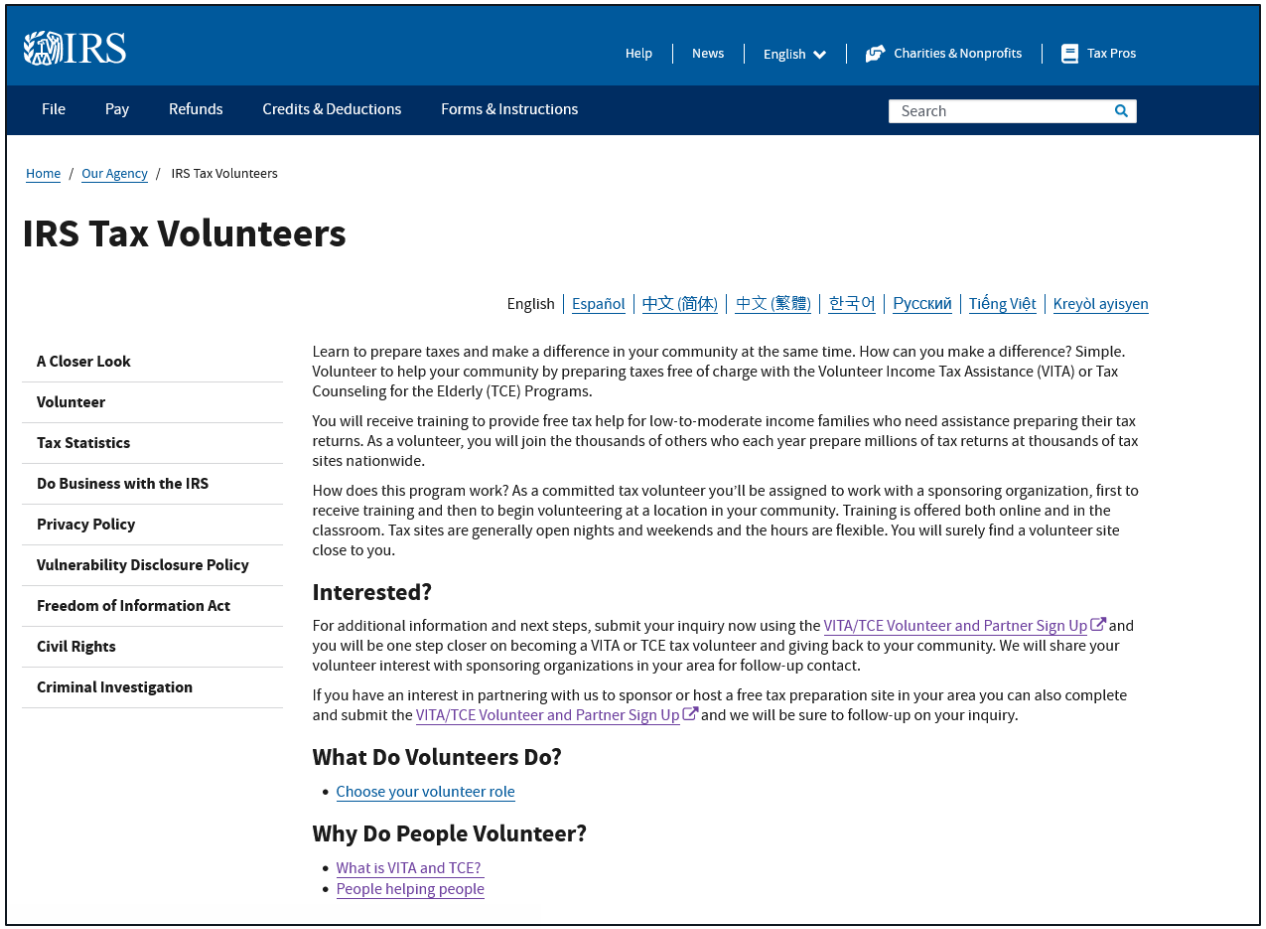
Question and Answer

Concluding Thoughts:
Get your community more involved

Ways to support free tax assistance

1. Promote VITA volunteer opportunities – A few volunteers make a big difference.
2. Start a VITA Site an IRS VITA partner – Host or operate a VITA site.
3. Support local collaborations – Connect with organizations in your area that provide free tax assistance.
4. Engage with the CFPB – Access CFPB resources, webinars, and technical assistance.

Promote the VITA volunteer opportunity

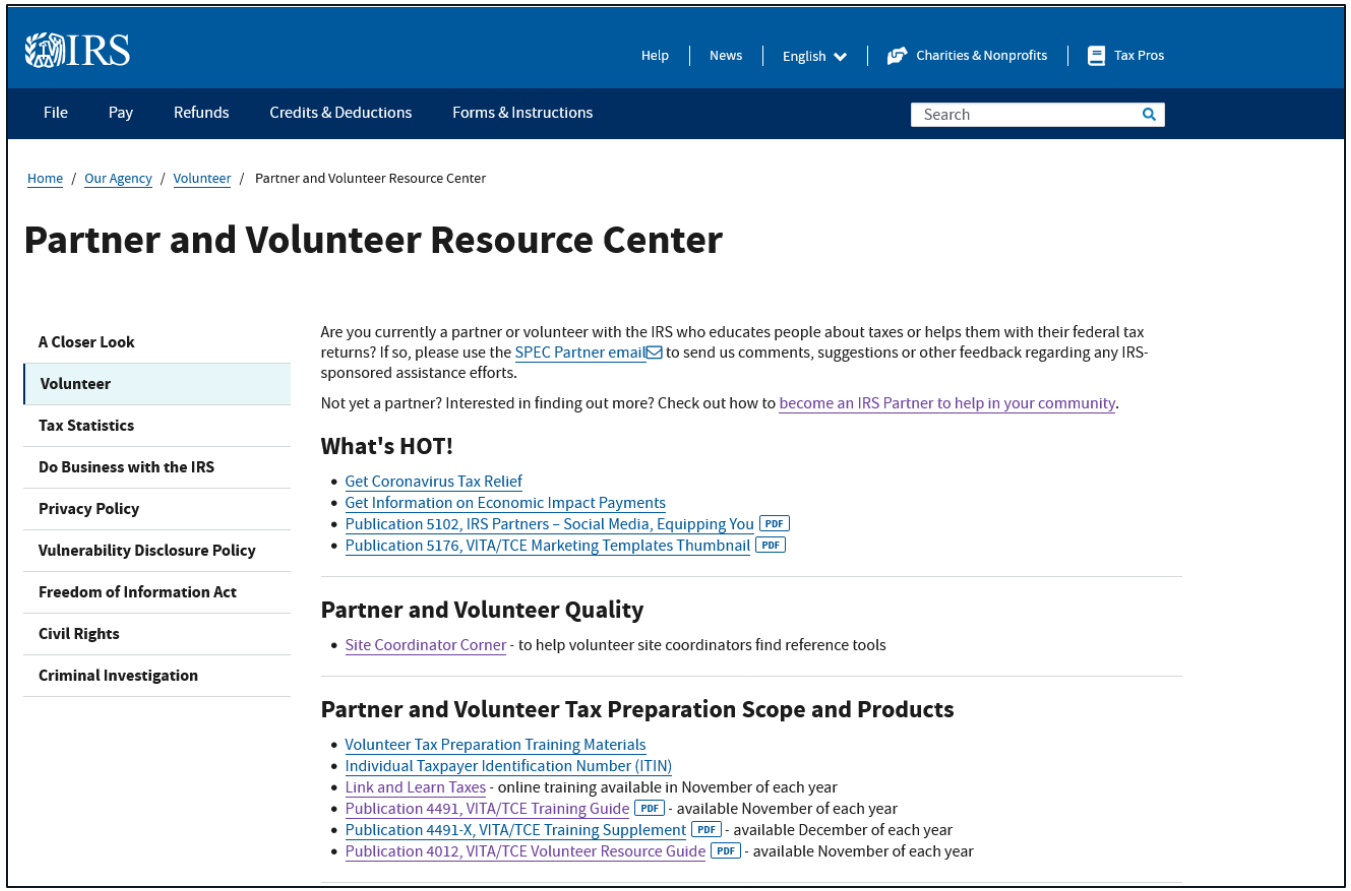


People can connect with VITA programs in their community easily through IRS.gov

- Most volunteers find the experience fulfilling, and many describe it as life-changing.
- VITA sites train and support volunteers to ensure accuracy.
- In 2021, the average volunteer returned about $100,000 in refunds and tax credits to the people they served.

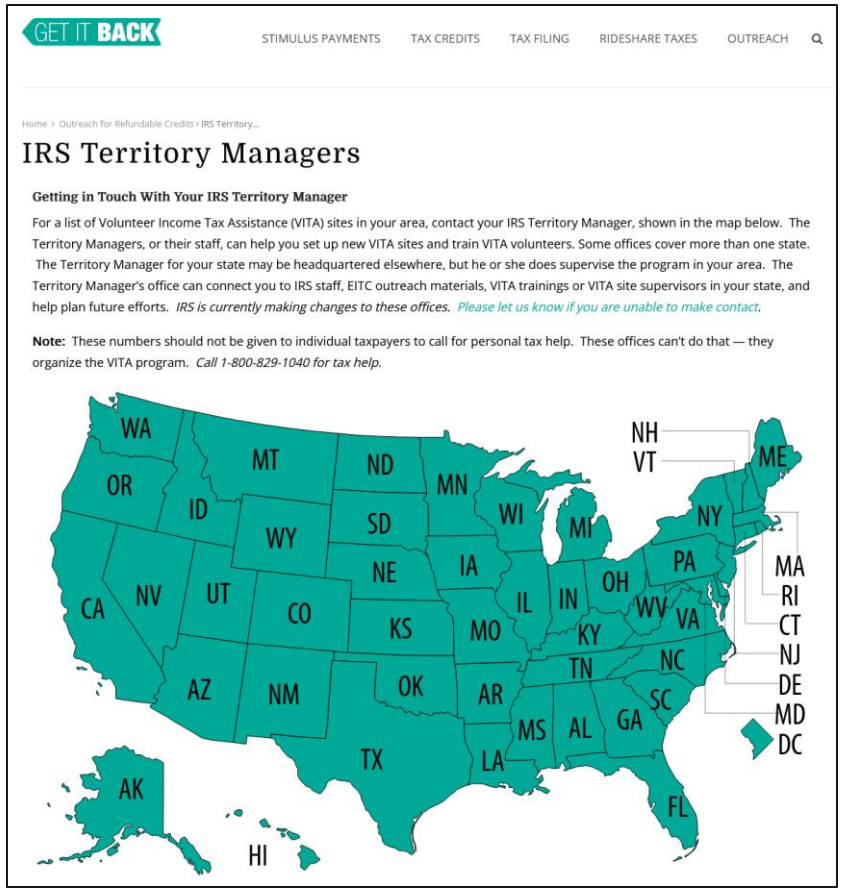
https://www.irs.gov/individuals/irs-tax-volunteers

Explore becoming an IRS VITA partner or hosting a VITA site



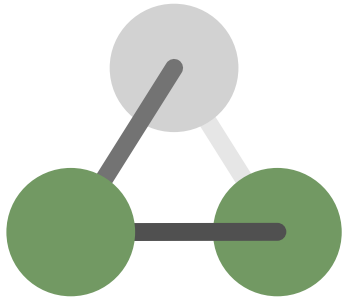
https://www.irs.gov/individuals/partner-and-volunteer-resource-center

Contact IRS territory managers to partner with local VITA partners



https://www.taxoutreach.org/outreach-strategies/irs-territory-managers/

Thank you!



Stay Engaged!

Join the CFPB Tax Time Initiative Mailing List

Find resources related to tax time savings here

Access resources from Prosperity Now:

- Tax-Time Financial Capability Resource Library
- Taxpayer Opportunity Network

Learn More about the Get it Back Campaign



Contact Us!

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Consumer Financial Protection Bureau:
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Helping People. Changing Lives. community Action PARTNERSHIP AMERICA'S POVERTY FIGHTING NETWORK