

# Taxpayers with Disabilities and Families: It's Not Too Late to Maximize Your 2021 Tax Credits



Building a Better Financial Future

October 6, 2022

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- Please note: This webinar is being recorded and the materials will be placed on the National Disability Institute website at: [NationalDisabilityInstitute.org/Resources/Webinars](https://NationalDisabilityInstitute.org/Resources/Webinars)

# Welcome



**Michael R. Roush, M.A., AFC®**  
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# Thank you

This webinar is hosted with support from



# Polling Question #1

- How familiar are you with free tax preparation services?
  - Very familiar
  - Somewhat familiar
  - Not familiar at all



## Polling Question #2

- How familiar are you with the Child Tax Credit?
  - Very familiar
  - Somewhat familiar
  - Not familiar at all

## Guest Presenter



**Don Dill**  
Senior Tax Analyst  
SPEC HQ – National Partnerships  
Internal Revenue Service



**Wage & Investment**

**IRS**

# Stakeholder Partnerships, Education and Communication (SPEC)

National Disability Institute

Tax Credits – It's Not Too Late

October 2022



# Agenda

- Stakeholder, Partnerships, Education and Communication (SPEC)
- Critical Tax Credits
  - Tax Deduction vs Tax Credits
  - Child Tax Credit
  - Earned Income Tax Credit
  - Child and Dependent Care Credit
- Spreading the Word
- Additional Resources



# Stakeholder Partnerships, Education and Communication (SPEC) (Slide 1 of 3)

- IRS' Stakeholder Partnerships, Education and Communication (SPEC) Unit is the Outreach Education function of the IRS's Wage and Investment Division
- Mission is to assist our customers in satisfying their tax responsibilities by building and maintaining partnerships with key stakeholders and leveraging their resources to inform, educate and communicate with our customers



# Stakeholder Partnerships, Education and Communication (SPEC) (Slide 2 of 3)

- SPEC focuses efforts on low to moderate-income taxpayers (defined as within the EITC threshold), senior citizens, persons with disabilities, those with limited English proficiency and Native Americans.
- Taxpayer education programs include the delivery of key messages that educate or inform individual taxpayers about meeting their tax obligations and is often accomplished through the collaboration with trusted community organizations



# Stakeholder Partnerships, Education and Communication (SPEC) (Slide 3 of 3)

- SPEC developed a leveraged approach to taxpayer service by placing primary emphasis on partner involvement and relationship management as key elements in achieving its objectives
- SPEC has been privileged and honored to work extensively with the National Disability Institute since 2003 providing Persons With Disabilities education, outreach, free tax preparation services and asset building opportunities



# VITA/TCE 2022 Filing Season Results

- Over 6,000 VITA/TCE sites and nearly 60,000 volunteers supported the filing season. They:
  - Prepared over 2.1 million federal returns (nearly 244,000 returns for people with disabilities).
  - Prepared over 1.4 million state returns.
  - Achieved 99% electronic filing rate.
  - Returned over \$2,742 billion dollars in federal refunds & \$353 million in state refunds





# Critical Tax Credits

(Slide 1 of 12)



# Critical Tax Credits (Slide 2 of 12)

## What is a Tax Deduction?

- Tax deductions lower your taxable income which is the basis for computing your tax liability
- For example, if you have a \$1,000 tax deduction (home mortgage interest) and you are in the 10% tax bracket, the \$1,000 deduction saves you \$100 in taxes



# Critical Tax Credits (Slide 3 of 12)

## What is a Tax Credit?

- Tax credits provide a dollar-for-dollar reduction in the total amount of taxes you owe.
- Credits can be nonrefundable meaning the IRS can reduce your tax liability to zero but does not pay you the remainder in the form of a refund.
- Or credits can be refundable meaning if your credit reduces your tax liability to zero, the remaining credit will be paid to you as a tax refund.



# Critical Tax Credits (Slide 4 of 12)

- Child Tax Credit
  - Basic Requirements
    - Earned Income (Wages, Business)
    - Taxpayers need to have Taxpayer Identification Number (SSN or ITIN)
    - Qualifying Child (Based on Relationship, Age, Residency, Support, SSN)
    - Child's main home must be in US for more than half of the tax year



# Critical Tax Credits (Slide 5 of 12)

- Child Tax Credit
  - Major Updates for Tax Year 2021
    - Increased amount of credit
      - \$3,000 for dependents 6 through 17
      - \$3,600 for dependents age 5 & under
        - Was \$2,000 in prior years
  - Qualifying Child Age was increased to 17 (from 16)



## Critical Tax Credits (Slide 6 of 12)

- Child Tax Credit
  - Credit is fully refundable for 2021
  - Receive refund even if they owe no tax
    - In prior years, only partially refundable
  - Credit can be received for families with little or no income
  - Prior years required earned income
  - Must file tax return even if not required otherwise



# Critical Tax Credits (Slide 7 of 12)

- Earned Income Tax Credit (EITC)
  - The earned income tax credit is a tax benefit for working individuals who have earned income within certain income limits
  - Taxpayers do not have to have children to qualify for the EITC
    - Amounts are higher for taxpayers with children
  - **KEY** - Age limit for qualifying child is waived if child is permanently & totally disabled



# Critical Tax Credits (Slide 8 of 12)

- Earned Income Tax Credit
  - Basic Requirements
    - Have Earned Income Below Income Thresholds (Around \$57,000 with Children and \$21,000 with NO Children)
    - Valid Social Security Number
    - Between Ages of 25 - 64
    - Be a US Citizen or Resident Alien the Entire Tax Year





## Critical Tax Credits (Slide 9 of 12)

- Earned Income Tax Credit
  - Major Updates for Tax Year 2021
    - All amounts of credit increased
      - No qualifying children – up to \$1,502 (was \$538)
    - Taxpayers may use 2019 earned income to compute credit if it was higher than 2021
    - Can be claimed by eligible workers who are at least 19 and not a student
    - No upper age limit to claim EITC (was 65)



# Critical Tax Credits (Slide 10 of 12)

- Child and Dependent Care Credit
  - Credit for taxpayers who pay someone to care for their child in order to work or look for work
  - Credit is calculated based on taxpayer's earned income and percentage of expenses
- Generally eligible child must be under the age of 13 to qualify
- **KEY** - Age exception – if a person (spouse, dependent) is incapable of self care and lives with the lived with taxpayer more than  $\frac{1}{2}$  the year – no age limit



# Critical Tax Credits (Slide 11 of 12)

- Child and Dependent Care Credit
  - Basic Requirements
    - Must have Earned Income (Wages, Business)
    - Must have paid expenses for care of a Qualifying Individual to enable the taxpayer to work or actively look for work
    - Taxpayer must have lived in the United States for at least half of the tax year



# Critical Tax Credits (Slide 12 of 12)

- Child and Dependent Care Credit
  - Major Updates for Tax Year 2021
    - Maximum credit percentage increased to 50% of qualified expenses (from 35%)
    - The eligible qualified expenses increased to \$4,000 for one child and \$8,000 for two or more children
    - The credit is fully refundable for 2021
    - Must file tax return to claim credit



# Spreading the Word – It's Not Too Late!!



# Spreading the Word (Slide 1 of 4)

- First and Foremost – It Is NOT To Late!
- Tax Filing “Deadlines”
  - Generally – April 15<sup>th</sup>
  - With Approved Extension – October 15<sup>th</sup>
  - E-File Deadline – Around November 15<sup>th</sup>
- Time Period For Filing To Claim a Refund
  - 3 Years From the Due Date of the Return
    - Tax Year 2021 – Due April 15<sup>th</sup>, 2022
    - Statue Date – April 15<sup>th</sup>, 2025
    - Note: Could Face Penalties If Tax is OWED!



## Spreading the Word (Slide 2 of 4)

- Trusted Partners Are The Key to Successful Outreach
  - Know the Community
  - Have Existing Relationships
- Who's Missing Out?
  - Individuals With Very Low Income
    - No Tax Filing Requirement
  - New Parents
  - Families with a Person With Disabilities



## Spreading the Word (Slide 3 of 4)

### How Can You Help?

- Make individuals aware of the various tax credits – including the expanded child tax credit – they might be eligible for during assessments
- Post information about tax credits in prominent places
- Provide tax credit educational materials in any communication efforts with clients
- Provide tax credit training to staff to allow them to understand the basic eligibility for critical tax credits





# Spreading the Word (Slide 4 of 4)

## How Can You Help?

- Help Individuals find Free Tax Preparation Services (Availability Limited April 15<sup>th</sup>)
  - In Your Community
    - VITA Sites
    - AARP Tax-Aide Sites
- Help Individuals Find & Use Online Services (Do It Yourself Options)
  - IRS Free File ([irs.gov](https://www.irs.gov))
  - [MyFreeTaxes.com](https://www.myfreetaxes.com)
  - [GetYourRefund.org](https://www.getyourrefund.org) (Available Through November 15<sup>th</sup> This Year)



# Additional Resources for Disability Related Tax Issues



# Resources

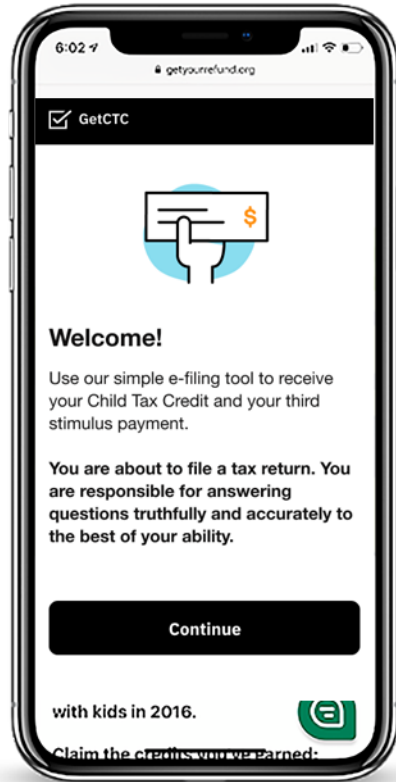
- [Accessible Forms & Publications](#)
- [IRS ASL Videos](#)
- [Disability Related Products](#)
- [More Information for People with Disabilities](#)

# GetCTC.org/NDI

## Simplified Filing Tool for Child Tax Credit and Third Stimulus Payment

Best option for most clients who have not yet filed.

- For low-income households with no filing requirement
- Available in English and Spanish
- Mobile and user-friendly
- Many clients will finish in less than 15 mins
- VITA-certified chat support
- High completion rates - mass outreach can move the needle
- Fed EITC coming in October
- **Open through November 15**



Made in collaboration with the [White House and U.S. Department of Treasury](#).

# GetCTC Outreach:

With less than 6 weeks to go, we need *your* help!

## Help spread the word:

- Direct outreach is best: text, email, letters, robocalls, etc.
- Display filing options with direct link prominently on your website
- Share at in-person events
- Use existing resources like [this updated outreach toolkit](#) available in 11 languages

## Track your efforts with the use of unique URLs

- Request a url at: [CodeForAmerica.org/GetCTCOutreachPartner](https://CodeForAmerica.org/GetCTCOutreachPartner)
- Total returns, amount claimed, returns over time, page visits, certain characteristics of filers
- **VITA programs can utilize # of accepted returns towards grant requirements**

# Additional Resources

- [National Disability Institute's Tax Website](#)
- [CTC Outreach Toolkits](#)

# Polling Question

- How familiar are you with free tax preparation services?
  - Very familiar
  - Somewhat familiar
  - Not familiar at all

# Q & A



## Upcoming Webinars – all 3:00 PM (ET)

November 3

**Creating a Plan to Promote Free Tax Preparation Services to Taxpayers with Disabilities**

December 1

**VITA Programs: Boost Capacity to Serve Taxpayers with Disabilities**

# EVALUATION

[Please complete post-webinar evaluation upon sign-off](#)

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