

Spilling the Tea on Taxes for People with Disabilities



Building a Better Financial Future

February 25, 2023 | 11:00 AM ET

Welcome

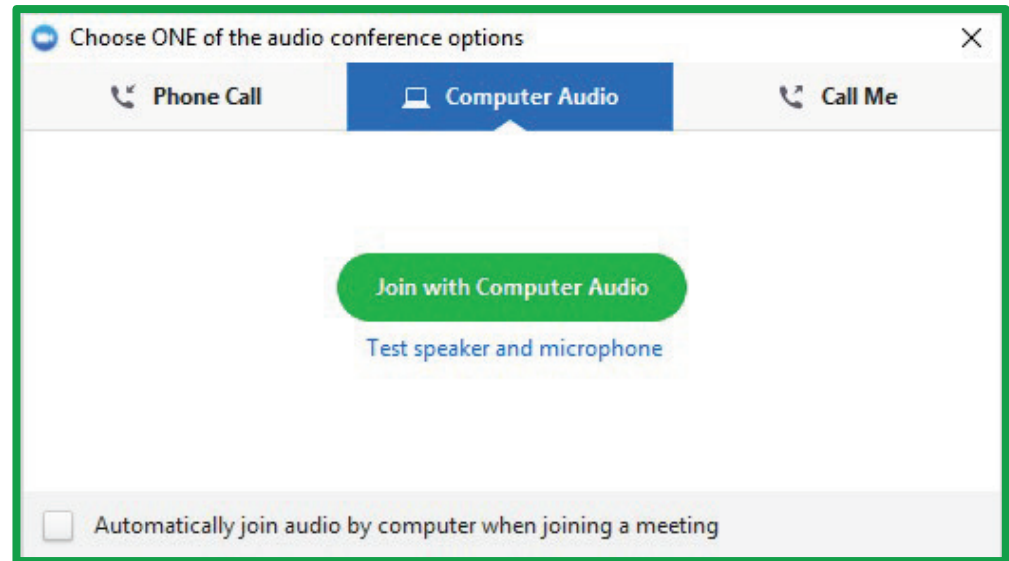


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- If you experience any technical difficulties during the webinar, please use the chat box to send a message to the NDI Host or email kpisani@ndi-inc.org.
- Please note: This webinar is being recorded and you will receive an email with the YouTube link and Zoom link within a week.

National Disability Institute (NDI)

- NDI is a national nonprofit organization dedicated to building a better economic future for people with disabilities.
- NDI is the first national organization committed exclusively to championing economic empowerment, financial education, asset development and financial stability for all persons with disabilities. NDI affects change through public education, policy development, training, technical assistance and innovative initiatives.
- Visit nationaldisabilityinstitute.org.

Thank you

This webinar is hosted with support from



Polling Question #1

I am a...

- Person with a disability
- Family Member
- Supporter
- Other

Polling Question #2

How familiar are you with the Earned Income Tax Credit (EITC)?

- Very familiar
- Somewhat familiar
- Never heard of it

Polling Question #3

Have you or the person with a disability you support/love ever used a VITA/free tax preparation service?

- Yes
- No, we/they pay a tax preparer
- No, had no idea this service was available

Importance of Tax Time

- Access to additional money through a tax refund (if one meets income and tax credit guidelines).
- Gateway to financial wellness strategies to help achieve goals.

Tax Deduction vs Tax Credit

Tax deductions lower your taxable income, which is the basis for computing your tax liability.

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.

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.

Refundable Tax Credit vs Non-Refundable Tax Credit

Refundable Tax Credit

A tax credit that can lower a taxpayer's tax liability regardless of the amount of that liability.

If a refundable credit exceeds the amount of taxes owed, the difference is paid as a refund.

Non-refundable Tax Credit

A tax credit that can reduce a taxpayer's liability only to zero.

If a nonrefundable credit exceeds the amount of taxes owed, the excess is lost.

Examples

Refundable

Earned Income Tax Credit

Child Tax Credit

American Opportunity Tax Credit

Non-refundable

Child and Dependent Care Credit

Credit for Other Dependents

Lifelong Learning Credit

Residential Energy Credit

Saver's Credit

Favorable Tax Credits for Taxpayers with Disabilities

Earned Income Tax Credit

Child Tax Credit

Child and Dependent Care Credit

Saver's Credit

Earned Income Tax Credit

- 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.
- Important Note – The age limit for a qualifying child is waived, if child is permanently & totally disabled.

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

Earned Income Tax Credit, 3

The maximum amount of credit:

- No qualifying children: \$560
- 1 qualifying child: \$3,733
- 2 qualifying children: \$6,164
- 3 or more qualifying children: \$6,935

Earned Income Tax Credit

[Learn more about EITC and see if you qualify.](#)

Child Tax Credit

The Child Tax Credit helps families with qualifying children get a tax break. You may be able to claim the credit even if you don't normally file a tax return.

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

Child Tax Credit

[Learn more about the Child Tax Credit and to determine potential eligibility.](#)

Child and Dependent Care Credit

Credit for taxpayers who pay someone to care for their child in order to work or look for work

Nonrefundable credit

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

Important FACTOR: 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

Child and Dependent Care Credit

Maximum credit percentage is 35% of qualified expenses

You may claim the credit on qualifying employment-related expenses of up to \$3,000 if you had one qualifying person, or \$6,000 if you had two or more qualifying persons.

The eligible qualified expenses increased to \$4,000 for one child and \$8,000 for two or more children.

Must file tax return to claim credit

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

Child and Dependent Care Credit

[Check to see if you are potentially eligible for this credit.](#)

Saver's Credit

- A person who works and saves some of their earnings in a retirement account (a 401(k), a 403(b), Individual Retirement Account (IRA) or within an ABLE account, may be eligible for the Saver's Credit.
- You're eligible for the credit if you are:
 - Age 18 or older
 - Not a full-time student
 - Not claimed as a dependent on another person's income tax return

Saver's Credit

The maximum contribution amount that may qualify for the credit is \$2,000 (\$4,000 if married filing jointly), making the maximum credit \$1,000 (\$2,000 if married filing jointly).

Please visit the IRS website to learn more about the [Saver's Credit](#).

Free Tax Preparation Services

- Free tax preparation services are available for individuals and families that generally make less than \$67,000.
- Find free tax preparation site in your area:
 - [VITA/TCE Site Locator Tool](#)
 - [AARP Tax-Aide Site Locator Tool](#)

Keep In Mind

- If an individual receives a needs-based benefit like Supplemental Security Income (SSI) or Medicaid, federal tax refunds do not count as earned income. As a result, it does not impact eligibility for SSI or other federally funded benefits.
- Tax refunds do not count as a resource for a period of 12 months after the month of receipt for SSI and any federally-funded public benefit.
- If you have not filed taxes in the past three years, you can do retroactive tax returns and potentially be eligible for tax credits during previous tax seasons if not claimed before.

In A Nutshell

- It is important to file a tax return if you have earned income.
- Accessing free tax preparation services and favorable tax credits can potentially increase money in your pocket.
- Tax refunds can be saved in an ABLE account.
- Filing your taxes assists in protecting your identity by assuring that no one else is using your social security number during tax time.
- Tax time is a great way to begin to build your financial health.

Resources for Taxpayers with Disabilities

FREE TAX PREPARATION SERVICES & RESOURCES



PEOPLE WITH DISABILITIES

Free tax preparation introduces financial education to the disability community to help individuals build a more stable financial future.

[Learn More](#)



JOB SEEKERS

Free tax preparation expands services in organizations who help job seekers in an easy and cost-effective way.

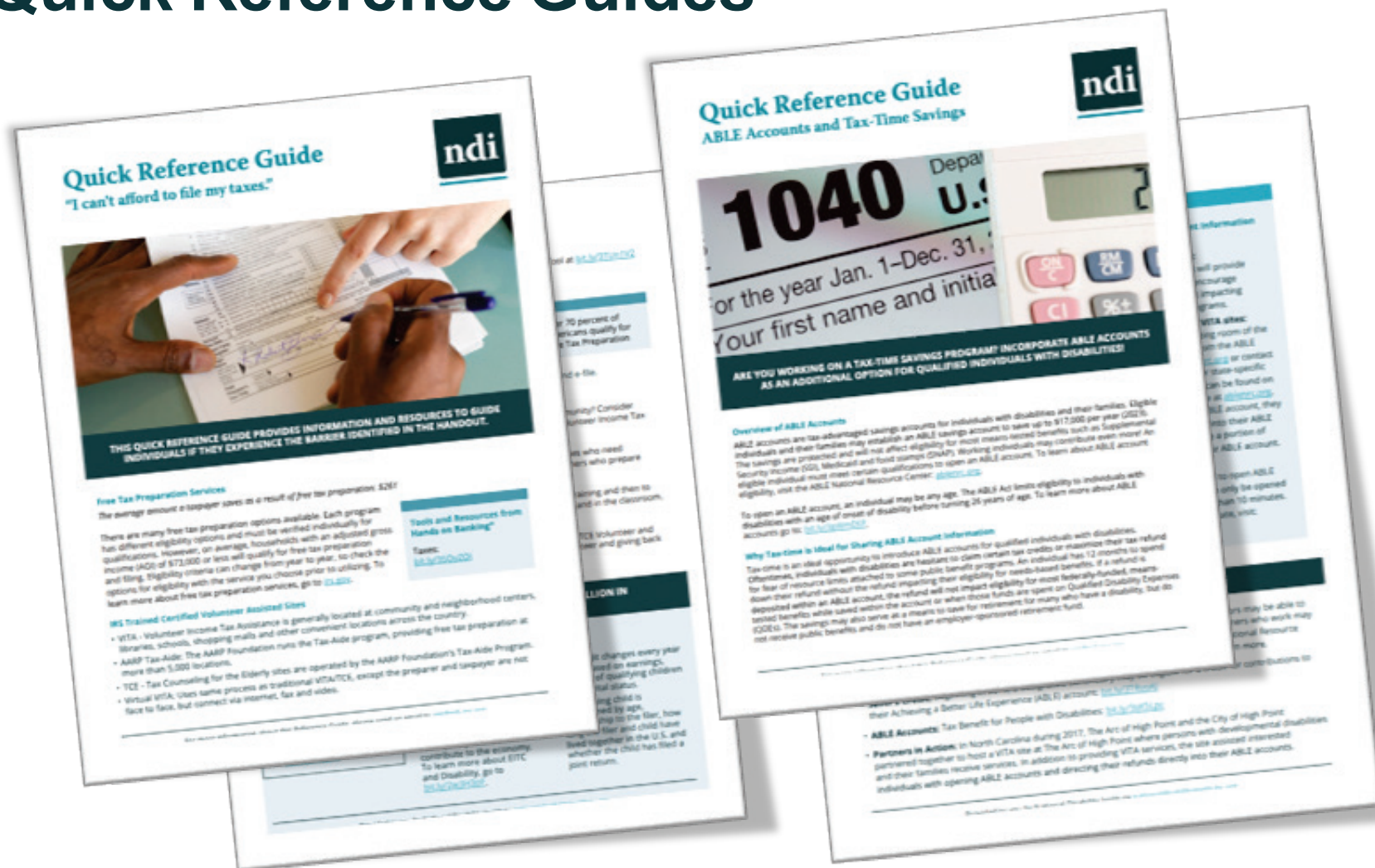
[Learn More](#)

WHY FREE TAX PREPARATION IN AN ORGANIZATION SERVING PERSONS WITH DISABILITIES?

MORE INFORMATION FOR TAXPAYERS WITH DISABILITIES

- Quick Reference Guide – [ABLE Accounts and Tax-Time Savings](#)
- Quick Reference Guide – [Taxes & Free Tax Prep: “I can’t afford to file my taxes...”](#)
- Quick Reference Guide – [Managing Money: “Other people manage my money; I don’t know where to start....”](#)
- Quick Reference Guide – [Medical Benefits: “I can’t afford to lose my medical benefits if I work....”](#)
- FAQs about [Taxes and SSA Disability Programs](#)
- Information for [Taxpayers with Disabilities](#)
- IRS offers information for [people with disabilities and their families](#)
- [Disability and Earned Income Tax Credit](#)

Quick Reference Guides



Other Valuable NDI Taxes and Money Resources

- [Taxes & Tax Preparation](#)
- [Free Tax Prep for People with Disabilities](#)
- [ABLE Accounts and Tax Time Savings Quick Reference Guide](#)
- [“I can’t afford to file my taxes...” Quick Reference Guide](#)
- [“Other people manage my money; I don’t know where to start...” Quick Reference Guide](#)
- [Items you may need when filing your taxes One-Pager](#)
- [Prepare and File Your Taxes for Free One-Pager](#)
- [Your Earned Income Tax Credit Mythbusters One-Pager](#)

IRS Resources

- [Accessible Forms and Publications](#)
- [More information for people with disabilities](#)

Q & A

Question

Do you claim the person with a disability on parents' taxes or not? I read you were not supposed to claim if they get SSI and Medicaid because it can disqualify the person with a disability from getting benefits. We dropped our daughter from our taxes.

Question

My daughter, 30, is on the autism spectrum, but doesn't receive any government help. She lives with me and has a part time job. Does she need to file a tax return? If so, do we need an accountant to do this? I just hate to see her spend money unnecessarily.

Question

Are disabled SSDI recipients eligible for CTC or ABLE?

Question

Can someone who's claimed as a dependent on someone else's tax return file for the earned income tax credit if they have income, file their own tax return and the person claiming them won't qualify for the EITC?

Question

I'm sold on the importance of having an ABLE account for my son, but haven't yet used it. Would love some examples on the mechanics of using it for my teenage son and the tax benefits of doing so TY!

[2/9/23 ABLE Tax Time Tips Webinar](#)

[See if your state offers a state income tax deduction](#)

Question

I am a non filer who has a disabled child from my understanding they are not allowing us to file this year for last year unless you made a certain income is this information accurate? They aren't allowing us to file for the Child Tax Credit?

Question

Does claiming an adult disabled dependent (DAC) affect Medicaid or other government programs?

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