



A S S I S T A N C E

Tax Tips

Keep Your Refund Don't Give it Away!

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Lots of money flows at tax time. And everyone wants a piece of it. Be smart and keep your hard-earned refund. Here are our simple tips for how to hold onto your money.

Tip #1: Don't pay for a "rapid refund."

Many commercial tax preparers love to sell "rapid refunds." Don't bite!

These are really high-interest short-term loans with ridiculously high interest rates - ranging from about 40% to over 700% APR. Worse yet, in this age of electronic filing, these offers don't deliver your refund that much faster. Typically, they will speed up your refund by about a week, maybe two weeks, depending on your situation.

If you fall for these schemes, you are giving away a chunk of your refund to a money lender. Keep all of your hard-earned money and tax credits for yourself and your family. You deserve it! **Say "No"** to all forms of up-front tax refund offers.

According to the Center for Responsible Lending, a 2005 study found that tax preparers and lenders stripped about **\$1.57 billion** in fees each year from the earned-income tax credits paid to working parents. If you don't want to be a part of this sad statistic, **just say "No"!**

Tip #2: Look for free tax filing assistance in your area.

Qualified volunteers offer free tax filing help to low-income Mainers. Check out these free tax help programs:

- **AARP Tax-Aide**
To find the site nearest you, call **1-888-687-2277** or go online at **www.aarp.org/taxaide**
- **IRS-sponsored VITA (Volunteer Income Tax Assistance) Program**
To find the site nearest you, call **1-800-829-1040** or go online at **www.ptla.org/vita_sites.htm**

VITA and AARP Tax-Aide services have better error rates (make fewer mistakes) than many commercial tax preparers. Many sites offer free e-filing, some offer shut-in services, and a few offer help in languages other than English.

More regional tax help coalitions are opening this year. They offer both free tax assistance and help with building assets from the credits you've claimed:

- **CASH: Creating Assets, Savings and Hope** (serving greater Portland)
Call: 211
- **Lewiston-Auburn Tax Credit Awareness Coalition (LATCAC)**
Call: 784-2951 x109



- **CASH of Eastern Maine** (serving Penobscot, Hancock, and southern Washington counties)
Call: 973-3612
- **Sagadahoc County Weed and Seed VITA Coalition**
Call: 373-1140 ext. 24
- **York County CASH Campaign**
Call: 324-5762 x2903 or 1-800-965-5762
- **Calais VITA Program**
Call: 454-0900 or 454-3200

In addition, the IRS provides **Taxpayer Assistance Centers** at a few locations. There are five in Maine: Augusta, Bangor, Lewiston, Presque Isle, and South Portland.

Tip #3: If you feel comfortable with using a computer and have internet access, file for free online.

If your total household income is less than \$50,000 and you don't itemize your deductions, try **free I-CAN™** on-line filing. Last year taxpayers nationwide claimed over \$14,000,000 in federal tax refunds using this free I-CAN program! It's simple and it's free. Try it!

www.ptla.org/icanindex.htm

Or visit the IRS site for links to other on-line free filing providers:
www.irs.gov/efile/article/0,,id=118986,00.html

Each provider sets its own eligibility rules for its free filing program, so it's worth exploring several sites to see if you qualify. (If you use one of these sites, be careful about pop-up ads and add-on fees. Remember: **Just say "No"**.)

The **State of Maine** has a direct **on-line "I-file" program** for state income tax returns: www.maine.gov/revenue/netfile/IFileDesc.htm

Commercial tax preparers who are offering Free File through the IRS have agreed not to sell "rapid refund" loans. However, they may still charge you to file your state tax return. So use **Maine's free I-file**, to file your state return.

Attention Non-resident Aliens: Check out the **Guide for Nonresident Aliens Preparing Federal Income Tax Returns** posted by the International Office of the University of Texas at Austin: www.utexas.edu/international/taxes/ According to the site, this Guide will help you to:

- Determine if you are required to file a tax return;
- Determine which form or forms you should file;
- Understand the filing instructions; and
- Prepare and submit your own federal tax forms.

Tip # 4: File for all of the tax credits you qualify to receive.

These three credits can be especially valuable to low-income taxpayers:

➤ **Earned Income Credit (EIC)**

The Earned Income Credit (EIC) for low-income taxpayers keeps growing. For tax year 2007, the maximum credit for a household with two or more children is **\$4,716. That can be money in your pocket!** The IRS reports that an estimated 4.3-million taxpayers are leaving about \$3-billion unclaimed. So



don't forget to claim this credit if you are eligible.

➤ **Child Tax Credit**

This is a partially refundable credit worth up to **\$1000** for each child up to age 17.

➤ **Child and Dependent Care Tax Credit**

This credit is offered by both the state and federal governments. It is worth only a portion of your total child care costs, and there are caps. But the state credit is "refundable," meaning that you can claim it (up to \$500) even if you pay little or no tax.

Notice

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Thanks to **Center for Responsible Lending** for statistical information.

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