



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: Say "No" to money advances: rapid refunds, "Money Now" loans, and other "fast money" products.

Many commercial tax preparers love to sell "rapid refunds." Don't bite! These offers are really high-interest short-term loans with outrageously high interest rates - ranging from 40% to over 700% APR. Worse yet, with electronic filing, these offers don't deliver your refund that much faster. Typically, they will speed up your refund by only a week or two, depending on your situation.

Some tax preparers are switching to "prepaid" lines of credit. Again, be careful! Waiting a few days for your tax return can be a much better deal. 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 and loan 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 statistic, **just say "No!"**

Tip #2: Use free tax filing help 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**.
- **VITA (Volunteer Income Tax Assistance) IRS-Sponsored Program**
To find the site nearest you, call **1-800-906-9887** or go online at **www.ptla.org/PDF/vita.pdf**

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 home visits, if needed, and some - especially in Portland and Southern Maine - offer help in languages other than English.

Several regional tax help coalitions will also be open this year. They offer both **free** tax assistance and help with building assets from the credits you've claimed:



- **Greater Portland CA\$H Coalition**
Call: 211
- **Lewiston-Auburn Tax Credit Awareness CA\$H Coalition**
Call: 513-3160
- **Eastern Maine CA\$H Coalition**
(serving Penobscot, Piscataquis, Hancock, and Washington counties)
Call: 211
- **Midcoast Maine CA\$H Coalition**
Call: 319-1390
- **Western Maine CA\$H Coalition**
Call: 211
- **York County CA\$H Campaign**
Call: 324-5762 ext. 2718 or 1-800-965-5762 ext. 2718
- **Central Maine CA\$H Coalition**
Call: 211

Another way to find a free tax filing center near you is to call **211**, or use the 211 Maine website to search for free tax sites at <http://211maineportal.communityos.org/>.

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: Or file for free online.

If you don't itemize your deductions, try **free I-CAN™** on-line filing. In 2008 taxpayers nationwide claimed over \$102,000,000 in federal tax refunds using this free I-CAN program! It's simple and it's free. Try it! (Offered in English, Spanish and Vietnamese)
<http://www.icanefile.org/?caller=3%20>

Or visit the IRS site for links to other on-line free filing providers:
<http://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: <http://www.state.me.us/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: Claim all of the tax credits you qualify for.

These four 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 2009, the maximum credit for a household with three or more children is **\$5,657. That can be money in your pocket!** The IRS has reported that several million households are leaving billions 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 **\$1,000** for each child up to age 17. You must earn at least \$3,000 in taxable income to be eligible.

In the 2008 tax year the scope of this credit expanded. An estimated 2.9 million more children were eligible. An estimated 10.1 million previously-eligible children received more.

➤ **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.

➤ **Educational Tax Credits (the American Opportunity Tax Credit)**

This educational credit can be worth as much as \$2,500 for students who are in their first four years of college. The

credit is for your tuition and educational materials expenses. You must meet certain income requirements. However, you may be eligible for a partial refund of up to \$1,000 even if you do not owe taxes. Immigrants who are residents may also claim this credit. For more information, see the IRS website at <http://www.irs.gov/formspubs/article/0,,id=177996,00.html/>.

➤ **Making Work Pay Tax Credit**

Many workers got this credit in small amounts in their regular paychecks during 2009. Read more at http://www.ptla.org/taxpayer/work_pay.htm/.

Tip #5: Say "No" to tax scammers.

Did you receive an e-mail from the IRS asking for your personal information? Watch out! That letter is a scam. Learn more about how to spot a scam and how to protect yourself.

If you want to help spread the word about tax credits for low-income people and free tax help, or just want to know more about these topics, go to the Center for Budget and Policy Priorities page: <http://eitcoutreach.org/>.



Notice



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