

Free tax prep can put money in your pocket

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Now more than ever, people might want to take advantage of a free tax preparation service that is helping low-income taxpayers in today's tougher economic times.

Such help is available to those with household income of \$45,000 or below for tax year 2008 through the EarnIt! KeepIt! Save It! program coordinated by the United Way of the Bay Area.

The trained volunteers who provide the tax help are certified by the Internal Revenue Service. And since the returns are filed electronically, people who opt for direct deposit can receive a refund in as little as 10 days.

Volunteers at more than 170 participating sites in Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara and Solano counties are helping taxpayers prepare and e-file their federal and state income taxes, which are due April 15.

Not only that, but taxpayers are told if they qualify for the federal Earned Income Tax Credit, which can put thousand of dollars in the pockets of low-income workers.

Theresa Lamadine already got her taxes done at the Oakland-based East Bay Asian Local Development Corp., one of the free sites.

She went there after receiving her W-2 wage form in February. It's the third time she has used the service and she couldn't imagine going anywhere else.

"I found out about it through one of my church sisters," said Lamadine, a 59-year-old Oakland resident who works as a caregiver. "I just go there with my W-2. They do all the work and make it a lot easier for me."

It seems like this year, more people are coming in earlier to get help than last year, said Wilson Pho, program site coordinator at the East Bay Asian Local Development Corp., a non-profit developer of affordable housing.

"Folks are wanting to get a refund much earlier," he said.

Many taxpayers end up qualifying for the EITC, which for tax year 2008 can be worth up to \$4,824, depending on the number of children in a family and yearly household income.

"Sometimes it's up to 20 to 40 percent of their income," said Pho.

For example, a single mother with two children with a yearly income of \$18,000 in 2008 would qualify for a \$4,200 EITC in addition to \$1,500 in child tax credits on her federal income tax, he said.

The IRS estimates that from 20 to 25 percent of low-income taxpayers who could qualify for the EITC overlook it when filing their taxes.

"The main goal of this program is get people familiar with this credit because apparently, millions and millions of dollars of it goes unclaimed each year," said Pho.

For tax year 2007, the program processed almost 47,000 tax returns, said Faith DuBois, director of Earn It! Keep It! Save It! Filing those returns resulted in \$35.6 million in tax refunds being processed, of which \$12.6 million was for EITC, she said.

In addition to finding out if you can get the EITC, going to a program site is also a sure-fire way to avoid paying a \$100 fee to a commercial tax preparer, along with another fee that can cost \$125 to obtain an immediate tax refund through a refund anticipation loan, said DuBois.

"(Refund anticipation loans) are really high-cost loans," when the fees are included, she said. "Those are dollars that people could use."

There is more demand for the program this year as well as a huge increase in prospective volunteers compared to a year ago.

"We have seen a 44 percent increase in client flow at tax sites this year. That is significant. We usually are able to increase our numbers anywhere from eight to 10 percent," on an annual basis, DuBois said.

While part of the increase is from returning clients along with the seven-year-old program gaining a higher visibility, the tougher economy is also a factor.

"People have found themselves in different economic circumstances because of the declining economy," she said.

Interest in volunteering at the sites is even greater than the client gain.

"Last year we had 50 prospective volunteers. This year we have 600 prospective volunteers," said DuBois, who attributes the spike to the huge number of people losing their jobs in recent months. "People are being laid-off and as a result are interested in staying active and useful in the community. It's a way to stay busy, learn new skills and network and build a resume," she said.

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