

STATE SENATOR • GILDA Z. JACOBS • 14TH DISTRICT

Jacobs Press Release

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Tax Season Means Money Back for Low Income Households

Op-Ed Piece

While tax season is painful for many, low-income families can actually do better on their taxes thanks to federal and state tax credits. These credits can reduce a family's tax bill or mean a larger refund. In this tough economy every extra dollar helps, so keep reading to see if these credits fit your situation.

The federal and state Earned Income Tax Credit (EITC) supplements wages and reduces the tax burden on low- or moderate-income workers. All workers eligible for the federal EITC are eligible for the state EITC. People qualify based on their income, and it can be used by families, individuals raising children, and individuals with no children. Workers who do not make enough to file a tax return can also qualify, but they must file a tax form. The federal EITC refund can be as much as \$5,300, and the state EITC refund can be nearly \$500 depending on income, marital status and number of children.

The federal Dependent Child Care Credit assists families with the cost of care for children or other dependent relatives. It can be claimed for a child under the age of 13 or for a disabled adult. The credit lets families claim a portion of their care expenses, and can be worth between 20 and 30 percent of expenses. This credit is only available to families earning enough money to pay taxes. The federal Child Tax Credit (CTC) is for families raising children under age 17. The child can be the tax filer's own child, a relative the filer cares for as their own, or a foster child placed by an agency who has lived with the filer for more than six months. Filers who qualify for the federal EITC may also qualify for the CTC.

The state Child Deduction is worth \$600 and is available to anyone raising children under age 18. The deduction is available for each child claimed as an exemption.

The state Homestead Property Tax Credit is for residents paying high property taxes in relation to their income. To qualify, a person's income must be below \$82,650. The maximum credit available is \$1,200. This credit can reduce taxes owed or be issued as a refund. The state Home Heating Tax Credit is for low-income households. Eligibility is based on household income, number of exemptions claimed, and actual home heating costs. Depending on the filer's situation, the credit will come back as an energy voucher that can go to the energy provider, a check for one-half the credit amount, or a credit that will be sent directly to the energy provider.

Many of these credits require extra forms. State and federal tax forms are free and can be found at the post office and your local library. You can also call 1-800-TAX-FORM to receive federal forms. Tax forms can also be downloaded from the state website: www.michigan.gov/taxes, and federal website: www.irs.gov. Filling these forms out yourself is best. Tax preparers cost money, and that means less money for you. The same is true for quick refunds. If you do the forms yourself, then you keep the money for yourself.

Whether a credit or a refund, these mean more money for people who have less. If you qualify, use these credits to make this tax season work for you instead of against you.

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Senator Gilda Jacobs represents the 14th Senate District, which includes Farmington, Farmington Hills, Ferndale, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield and Southfield Township. She is the Minority Vice Chair of the Campaign & Election Oversight, Families & Human Services and Finance committees. She is a member of the Economic Development & Regulatory Reform and Health Policy committees. She can be reached toll-free in Lansing at 1-888-937-4453.