
Stakeholder Partnerships, Education & Communication (SPEC)

Federal Income Tax Presentation

Presented by IRS Tax Consultant

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SPEC Mission

- Develop and support partnerships
 - Committed to increase economic well-being of shared customers
- Provides tax-related services year-round
 - VITA, outreach, tax education, and IRS products
- Promote financial literacy strategies, through partners, to enhance taxpayers' ability to understand federal tax obligations
- Use community-based partnership concept to link education, free tax assistance and financial education/asset-building strategies
- Provide services to SPEC's taxpayer segments which include low-income, disabled, elderly, rural, LEP, Native American, and military personnel



Volunteer Income Tax Assistance (VITA)

- Free tax preparation for low income taxpayers
- Supported by IRS SPEC and located throughout the U.S.
- Training provided to partners, site coordinators, and volunteer tax preparers
- Free tax preparation software provided
 - Focus on e-filing tax returns
- Support given to partners in program

VITA Grants

- Provides direct funds to non-profits/governmental organizations
 - Enable VITA Programs to extend services to underserved populations
 - Increase capacity to file returns electronically
 - Heighten quality control
 - Enhance volunteer training
 - Improve the accuracy rate of returns prepared at volunteer sites
- Organization must be in compliance in tax filings
- Grant application period/awards
- Matching funds
- Cash grant to be used for tax preparation program
- Reporting requirements to IRS



VITA Grants

- IRS Publication 4671, VITA Grant Program, Overview and Application
- Contact VITA Grant Program @
Grant.Program.Office@irs.gov

SPEC Outreach/Education

- EITC Super Saturday
- VITA Classroom Instruction
- Homeownership Workshop/Webinar
- IRS Open House
- EITC Workshops to CAP
- Cable TV Talking Taxes
- Tax Assistance and Financial Awareness Day
- Home Preservation Summit
- California Indian Legal Services
- Spanish T.V. Tax Call-in show
- National Stand Down in San Diego



Earned Income Tax Credit (EITC)

What is the EIC?

- Refundable Credit
- What rules apply to everyone?
 - Earned Income, Adjusted Gross Income Limits, No Married Filing Separate, U.S. Citizen/Resident, No Form 2555, Investment Income Limit, valid SSN, and cannot be qualifying child of another
- What is “earned income” for EIC?
 - Wages, Salaries, Tips, Net Earnings from S/E
 - NOT TANF, Workfare, Child Support, unemployment compensation



Earned Income Tax Credit (EITC)

2010 Tax Year Maximum EITC Amounts:

- \$5,666- Three or more children
- \$5,036- Two children
- \$3,050- One child
- \$ 457- No children

Earned Income Tax Credit (EITC)

- **2010 Tax Year Earned Income and AGI Maximum Amounts:**
- \$43,352 (\$48,362 MFJ)- Three or more children
- \$40,363 (\$45,373 MFJ)- Two children
- \$35,535 (\$40,545 MFJ)- One child
- \$13,460 (\$18,470 MFJ)- No children
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Earned Income Tax Credit (EITC)

Taxpayer **still** can file for credit for:

2007, 2008, and 2009

American Recovery and Reinvestment Act (ARRA)

- **Making Work Pay Credit**
- **American Opportunity Credit**
- **Qualified Tuition Plans (Section 529)**
- **EITC Increase**
- **Child Tax Credit**
- **First-time Homebuyer Credit**
- **Sales Tax Deduction for Vehicle Purchase**
- **Unemployment benefit exclusion**
- **Non-business Energy Property Credit**
- **Residential Energy Efficient Property Credit**

Collection Issues

- Suspended collections activity
- Installment Agreements
- Offer In Compromise
- 10 year collection statute

Summary

- **SPEC is committed to working with partners on VITA, financial education and asset building, and tax education**
- **VITA Grant Program provides cash grant to support a VITA Program**
- **EITC is a refundable credit available to many lower income taxpayers**
- **ARRA has significant tax law changes taxpayers should be aware of**
- **IRS Collections works with taxpayers to collect taxes due**

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