



INTERNAL REVENUE SERVICE



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Increase Membership and Benefits to Members Through a Partnership with IRS

By: IRS Senior Program Analyst Beverly Thomas

Is your credit union interested in attracting new members? Do you want to offer current members new products and services? Would you like to increase goodwill and visibility in your community? If you answered yes to any of these questions, you may be able to achieve your goals by participating in an initiative with the Internal Revenue Service (IRS).

IRS is partnering with credit unions to promote the use of IRS volunteer tax preparation services in a strategy to benefit credit unions and their members. The IRS Volunteer Income Tax Assistance (VITA) Program offers free tax preparation services for individuals and families with low to middle income, senior citizens, individuals with disabilities, and those with limited English proficiency. The IRS initiative uses VITA, in conjunction with increased awareness of the Earned Income Tax Credit (refer to below), asset-building opportunities and financial education services, to provide numerous benefits to credit unions and their members such as the following:

- * Free tax preparation service for members and potential members.
- * Free electronic filing with direct deposit options leading to increased assets.
- * Community Reinvestment Act (CRA) accreditation for banks assisting credit unions.
- * Increase in credit union membership.
- * Goodwill through member benefits and outreach to potential members.
- * Continuing Professional Education credits for qualified volunteers who receive VITA training.

Here's how it works. Participating credit unions establish a VITA site located in their office space or an alternate location in the community. The IRS provides the software, training for VITA volunteers, and in some instances, the equipment to support the establishment of the VITA site. The participating credit union will work with federal and local agencies to recruit volunteers and advertise the services (e.g., free tax preparation, Earned Income Tax Credit (EITC), asset-building and financial education). The member visits the VITA site for free tax preparation services and may qualify for the EITC. Details regarding the EITC can be found on the following page. Members are made aware of the benefits of using part or all of their refund to take advantage of credit union products and services.

The member benefits with free tax preparation, perhaps an increased refund due to EITC and an opportunity to participate in an asset-building program through their credit union. The credit union benefits in providing an additional service to members, attracting new members and getting increased participation in financial programs. The program benefits all involved.

For more information about participating in this initiative, please contact Beverly Thomas, Sr. Program Analyst, IRS, via e-mail at Beverly.Thomas@irs.gov. Written inquires may be sent to: Internal Revenue Service, 401 W. Peachtree Street, Atlanta, Georgia 30308 Attn: Beverly Thomas (Stop 49-WI). Please include a primary and alternate contact's name and telephone number with all inquiries.

IRS News Release—January 17, 2002*

TOLEDO—The Toledo Urban Federal Credit Union will sponsor its first free income tax assistance site at the Frederick Douglas Community Center, 1001 Indiana Avenue, beginning January 28, 2002.

“This is part of a nationwide initiative by the IRS, Federal Deposit Insurance Corporation and the National Credit Union Administration,” said Suzette Cowell, treasurer of the credit union. “We’re happy to help bring this free service to the people in our community.”

The Frederick Douglas Community Center’s Director, Bill Magrum, has appointed Marian Barrett as the site coordinator. Community volunteers, trained by IRS personnel to prepare tax returns, will staff the site. This site will offer important tax benefits including free income tax return preparation through the IRS’s Volunteer Income Tax Assistance (VITA) Program and will electronically transmit returns through the IRS *e-file* program. Each year, more and more taxpayers choose the IRS e-file program because their returns are processed faster with fewer errors, which expedites the refund process.

“One thing our volunteers will focus on is the Earned Income Tax Credit or EITC,” said Ms. Barrett. “Many people may be eligible for this credit and not know it, and this credit could increase your refund by hundreds or even thousand of dollars.”

These free tax services will be available to lower and moderate income taxpayers, many of whom will be eligible to claim the federal Earned Income Tax Credit. The site will operate on Monday and Tuesday during the hours of 11:00 a.m. until 2:30 p.m., and Wednesday and Thursday during the hours of 4:00 p.m. until 7:00 p.m.. Saturday hours will be scheduled by appointment only.

**Article reprinted courtesy of IRS Media Specialist Chris Kerns*

Earned Income Tax Credit (EITC)

EITC is a tax credit offered to low and moderate-income individuals and families that reduces the tax burden and supplements wages. For those that are eligible, the average EITC refund is approximately \$1,500. EITC eligibility depends on a family’s size and income: families with one child who earn less than \$28,281 in 2001 are eligible for a credit of up to \$2,428; families with two or more children who earn less than \$32,121 in 2001 are eligible for a credit of up to \$4,008; and workers without a qualifying child who earn less than \$10,710 in 2001 are eligible for a credit of up to \$364.

Encourage your members to apply for this credit to increase their refund. Members can obtain more information from the volunteers working at a VITA site or the IRS website at <http://www.irs.gov>.

Child Tax Credit (CTC)

Your members may be able to claim a child tax credit if they have a qualifying child. The credit can be as much as \$600 for each qualifying child. A qualifying child is a child who: is claimed as a dependent; was under age 17 at the end of 2001; is a son, daughter, adopted child, descendant of a child, stepchild, or eligible foster child, and is a U.S. citizen or resident.

The credit is limited if the modified adjusted gross income is above a certain amount. The amount which this phase out begins depends on your members’ filing status, which is as follows: married filing joint limit is \$110,000; head of household/single/qualifying widow or widower limit is \$75,000; and married filing separate limit is \$55,000. There are more limits that can be explained by either VITA volunteers or IRS.

Encourage your members to apply for this credit to increase their refund. Members can obtain more information from the volunteers working at a VITA site or the IRS website at <http://www.irs.gov>.



**Help Members
Increase Their Refund
Through The
EITC or CTC**