



ACTION AGAINST HUNGER

## JUST THE FACTS: The Value of Tax Credits

### THE HARD NUMBERS: How Tax Assistance Helps Low- Income Households

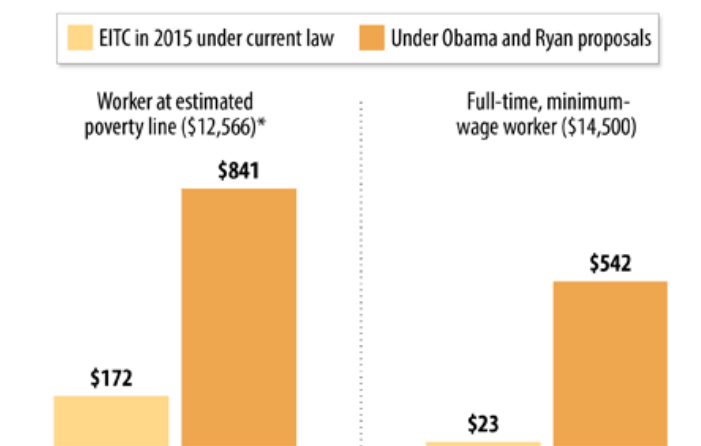
As a lead partner in the **United Way of Allegheny County's Money in Your Pocket Coalition**, Just Harvest provides free, IRS-certified income tax preparation for low-income households at four Volunteer Income Tax Assistance Sites in Allegheny County. Launched in 2003, Just Harvest's free tax preparation service is now one of the largest in the entire state.

#### TAX SEASON 2015: Just Harvest's 4 VITA Sites

Total # of Completed Federal Returns	<b>2,735</b>
Total # of Returns with EITC's	<b>1,443</b>
% of returns with EITC	<b>52.8%</b>
Total Federal Refunds	<b>\$5,713,359</b>
Total EITC	<b>\$2,943,700</b>
Total Child Tax Credit	<b>\$1,769,039</b>
% of clients who are single parents	<b>36.6%</b>
% of clients with children	<b>47.0%</b>
% of clients who receive food stamps	<b>35.9%</b>
% of clients who own their homes	<b>23.1%</b>
% of clients who rent	<b>62.4%</b>

In 2012 (the most recent year available), the EITC brought over \$157 million to 78,746 Allegheny County families.

### Obama and Ryan Proposals Would Boost Earned Income Tax Credit (EITC) for Childless Workers



\*CBPP estimate based on 2014 official poverty line

Source: President's FY2016 budget, Chairman Ryan's "Expanding Opportunity in America" discussion draft, Internal Revenue Code

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### Low-Income Families Rely on Tax Credits

The Earned Income Tax Credit (EITC) is one of the nation's largest anti-poverty programs, and can increase a family's annual income by as much as 45 percent. The EITC and the Child Tax Credit (CTC) are among the nation's strongest tools to help working families escape poverty and achieve greater self-sufficiency.

- Together, in 2013, they lifted 9.4 million people out of poverty and made 22 million others less poor.
- They also lifted 5 million children out of poverty—more than any other program.
- They did as much or more to raise employment among single mothers as welfare reform.

### We Must Not Let Key Provisions Expire

If Congress fails to act to protect critical provisions of these credits before they expire at the end of 2017, 50 million Americans, including 25 million children, will lose part or all of their tax credits. This means real hardship for real workers.

- A single mother with two children who works full time at the minimum wage, earning \$14,500, will lose her entire CTC of \$1,725.
- A married couple with three children and earnings of \$35,000 will lose \$1,200 from their EITC.
- More than 16 million people, including almost 8 million children, will fall into or deeper into poverty.

### Low-Wage Childless Workers Need Expanded Tax Credits

The existing EITC does little to support low-wage childless workers—the only class of worker that is still taxed further into poverty—and non-custodial parents. In 2012, federal income and payroll taxes pushed 1.2 million childless workers into poverty and another 5.8 million deeper into poverty\*.

Members of both parties are leading efforts to fix this that are both pro-work and pro-family. The President's 2016 budget and a nearly identical proposal from House Ways and Means Chair Paul Ryan (R-WI) propose lowering the EITC's eligibility age from 25 to 21 for childless workers and raising their maximum credit.

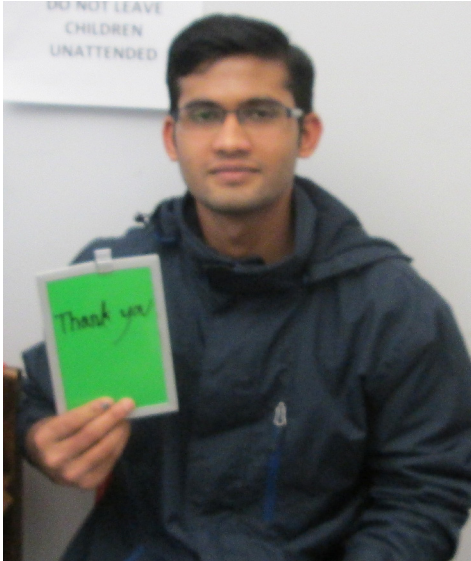
We need Congress to:

- Make EITC and CTC expansions permanent
- Expand EITC for childless workers

# The Value of Tax Credits: REAL PEOPLE, TRUE STORIES

Taxpayers use their much-needed tax refunds to pay off debt, purchase needed appliances or school supplies, and help cover medical expenses. Here are just a few of the thousands of our 2015 tax clients who would be helped by a strengthened and expanded EITC and CTC.

## Mamun Al Hydar



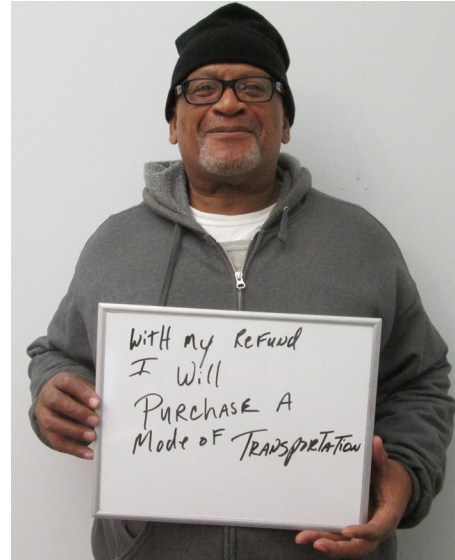
**Age:** 24

**Occupation:** Mamun works at a company that contracts out human resources services to businesses in the Pittsburgh area. He accessed our tax assistance program at Prospect Park Family Center, which helps immigrants in the Southern suburbs of Pittsburgh.

**2014 Wages:** \$3,890

**Tax Refund:** \$374 **EITC:** None

## Charles Ray

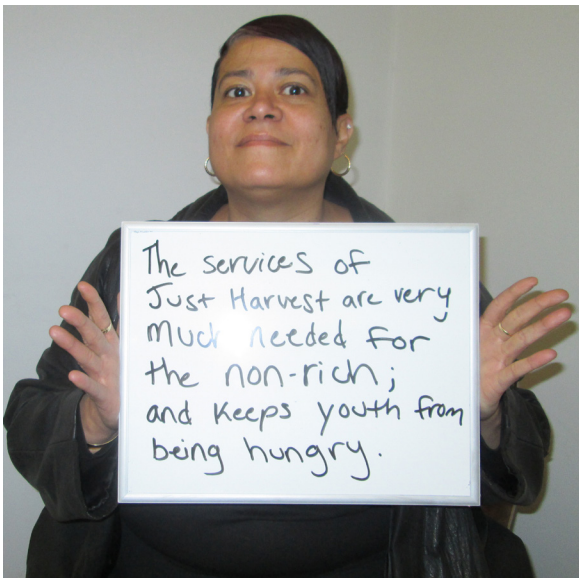


**Age:** 63

**Occupation:** Charles is now retired from the Urban League where he performed various roles, including tutoring second graders and working with seniors. Charles is also a veteran having served in the Marine Corp for four years. Now that he is retired he hopes to use his time to volunteer.

**2014 Wages:** \$3,843 (Plus \$6,824 in Social Security)

**Tax Refund:** \$367 **EITC:** \$293



## Theresa Siwik

**Age:** 49

**Occupation:** Theresa is a massage therapist and a single mom with a 9-year-old son. In 2011, she tore her meniscus, which required surgery, and was out of work for 8 months. She worked two part-time jobs before the injury but after returned to only one. As a single mom, Theresa has needed to access public benefits, including food stamps, to supplement her income. She shares, "If I didn't get what I got we would be homeless and hungry."

**2014 Wages:** \$7,227

**Tax Refund:** \$3,122 **EITC:** \$2,457 **CTC:** \$634