

# Tax Time Thursday with UNIDOS US

## *Outreach Reference Guide*

*Presented by the Center on Budget and Policy Priorities' Get It Back Campaign*

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### **Presenter Information**

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### **New Changes to the Child Tax Credit and Earned Income Tax Credit are Lifting Latino Families Out of Poverty**

- **The Earned Income Tax Credit: Historic Context**
  - The Earned Income Tax Credit is a refundable tax credit first enacted in 1975 that is available to eligible workers who earn relatively low wages.
  - Because the credit is refundable, an EITC recipient need not owe taxes to receive the benefit.
  - Eligibility for and the amount of the EITC are based on a variety of factors, including residence and taxpayer ID requirements, the presence of qualifying children, age requirements for those without qualifying children, and the recipient's investment income and earned income.
- **The Earned Income Tax Credit expansions**
  - Improvements to the EITC through the American Rescue Plan include:
    - Making the credit available for childless taxpayers who are ages 19-24 and 65 and over
    - Increasing the maximum credit for childless workers from \$538 to \$1502 (triples!)
    - Providing \$600 million in federal funds to Puerto Rico to enhance the local EITC program through a matching grant
  - Recently, the following states expanded their state-level to workers with ITIN:
    - California
    - Colorado
    - Maryland
    - New Mexico
    - Oregon
    - Washington
- **Child Tax Credit Key improvements to the Child Tax Credit were made in the American Rescue Plan such as:**

- An increase in the maximum credit to \$3600 for children under 6 years old and \$3000 for children between 6-17 years-old,
- Inclusion of 17 year-olds to this credit
- A fully refundable tax credit with no work requirement
- An advance monthly payment
- Extension of the Child Tax Credit for all families in Puerto Rico
- **Why do we care about tax credits?**
  - The research evidence supporting refundable tax credits is strong
    - Tax credit reduces poverty
    - Improve health and developmental outcomes among children
    - Improve academic achievement for kids
  - Expanded Child Tax Credit is further supporting children
    - Greatly supports Latino and Black children in those families with the lowest income
    - Reduced the monthly child poverty from 15.9% to 12.2% between June and November
    - 3.8 million children were kept from poverty thanks to the advance monthly payments
    - Families spent the money on food and other basic needs
    - The value to society that flows from these impacts is approximately eight times the annual costs
- **Why do we care about the expansion to tax credits in Puerto Rico?**
  - Almost all families with children are eligible for the Child Tax Credit
    - A recent study showed that 97% of families and children in Puerto Rico are now eligible for the CTC resulting in \$1.78 Billion to the Puerto Rican economy
  - The enhanced local EITC will provide additional resources to workers.
    - 466,000 households in Puerto Rico are eligible, nearly double the 255,000 households previously eligible. When fully executed, the local EITC is expected to add an additional \$800 million to the local Puerto Rican economy.
  - Access to these credits has been made on a permanent basis
    - In Puerto Rico **6 out of 10** children are under the federal poverty line
    - Close to **44%** of Puerto Ricans live under the federal poverty line
- **Challenges to the Latino community**
  - Prior to the American Rescue Plan, one in three children in the US were excluded from the full CTC
    - More than one in two Black children were left out.
    - One in two Latino children were left out
    - Close to three in four children in single parent-households were left out
    - Close to one in three children from rural areas were left out
    - Close to one in two children in larger families (households with three or more children) were left out
  - Immigrant families historically excluded from the safety-net programs
    - Public charge created a “chilling effect” that prevents many immigrants families from enrolling in the benefits programs for which they are eligible

- Confusing, varying eligibility for ITIN holders in prior COVID relief programs left many behind
  - Outreach to limited English proficient immigrants has been poor
    - Child Tax Credit is one of the few tax credits that help support children in mixed immigration-status families where parents don't have SSNs
    - Immigrant parents are less aware of the Child Tax Credit than US-born parents
  - Lower take up rate among Latino families has been documented by research
    - Latinos are less likely to claim Child tax Credit on their tax return (64% of tax filers) compared to white and Black parents (76% of tax filers)
    - Latinos are less likely to report receiving the monthly Child Tax Credit payments (61%) compared to white respondents (67%)
  - The IRS entered this 2022 filing season with several million original and amended returns filed by individuals and businesses that have not been processed due to challenges of the historic pandemic
  - Backlog in processing form W-7s (application for ITINS) that were received in mid to late November, with the oldest being from the third week of November.
- **Resources for your Campaign: US**
  - UnidosUS
    - Main Page → <https://www.unidosus.org/esperanzahopeforall/childtaxcredit-es/>
    - Videos of Past Navigator Trainings: <https://www.unidosus.org/events/apoyando-a-las-familias-latinas/>
    - Child Tax Credit Stories: <https://www.unidosus.org/blog/2021/11/10/the-child-tax-credit-taking-care-of-families-livelihoods-and-well-being/>
    - Resources on how to apply for an ITIN: <https://www.clasp.org/publications/fact-sheet/individual-taxpayer-identification-number-fact-sheet>
    - Resources for EITC: <https://www.unidosus.org/blog/2022/03/16/how-is-the-earned-income-tax-credit-different-this-year/>
  - Other partners
    - Center on Budget and Policy Priorities → EITC and CTC Outreach Resources 2022 – Get It Back ([taxoutreach.org/coronavirus](https://taxoutreach.org/coronavirus))
    - Code for America → [GetYourRefund.org](https://GetYourRefund.org)
    - Coalition on Human Needs and Partnership for America's Children Toolkit for service providers: <https://bit.ly/ctcoutreach>
    - Toolkit for School Districts: [https://docs.google.com/document/d/1mcoN7R87Ek-ZB-MyTy8hFvH\\_oT22617YzeWCngbvpUc/edit](https://docs.google.com/document/d/1mcoN7R87Ek-ZB-MyTy8hFvH_oT22617YzeWCngbvpUc/edit)
    - Toolkit for Government agencies: <https://bit.ly/agencyoutreach>
  - Government
    - White House → [www.ChildTaxCredit.gov](https://www.ChildTaxCredit.gov)
    - Department of the Treasury- Internal Revenue Service → Child Tax Credit Update Portal <https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>
    - Puerto Rico Government <https://www.fortaleza.pr.gov/credito-eitc-ctc>
- **Resources for your Campaign: Puerto Rico**
  - Joint Campaign on CTC and EITC <https://reclamatudineropr.com/>

- CTC Resources <https://www.juventudpr.org/idi/childtaxcredit>
- Local EITC <https://espaciosabiertos.org/credito-por-trabajo-para-incentivar-nuestra-economia/>
- **Aún queda tiempo! Como apoyar a familias Latinas elegibles para el crédito Tributario por Niño** [https://unidosus.zoom.us/webinar/register/WN\\_ZnLfyZRaS821tHXBR\\_uecg](https://unidosus.zoom.us/webinar/register/WN_ZnLfyZRaS821tHXBR_uecg)
- **Unidos' policy recommendations for tax credits:**
  - In policy:
    - Keep the expand the maximum credits for the Child Tax Credit and EITC
    - Extend advanced monthly payment options for the Child Tax Credit
    - Make the Child Tax Credit permanently fully refundable
    - Restore eligibility for kids with ITINs
    - Include taxpayers with ITINs in the EITC
    - Include young adults and seniors permanently
  - In implementation
    - We need culturally competent outreach
    - More simplified filing tools
    - More resources for VITA, LITC, and CAA
    - Reduce administrative burden and streamline complicated loopholes for ITIN filers
- **UNIDOS US Commitment**
  - Increase take-up rate for Child Tax Credit and EITC for Latinos
  - Advocate for the tax credit policies that hard Latin families get their benefits
  - Visit this webpage: <https://www.unidosus.org/esperanzahopeforall/childtaxcredit/>
- **Notes:**
  - A lot of families are still confused about the amount of their refund. If they were expected to get 3600 dollars, but they got the advanced payment, they are not getting robbed of their money.
  - For taxpayers in Puerto Rico, they have a special form called the 1040-PR, but some private tax prep services have just done 1040 and they were required to go through the ID verification process.
  - ITIN Filers
    - Folks with an ITIN cannot retroactively claim the Child Tax Credit. If you submit paperwork after the filing deadline, they may not be able to claim the credits they are eligible for now.

#### Questions:

- **Will all families qualify for the Child Tax Credit and EITC using an ITIN?**
  - If you are a taxpayer that needs an ITIN to file taxes, you may qualify for the Child Tax Credit if your dependent has an SSN. The one who requires an SSN is the dependent that you are claiming
  - For the EITC, everyone in the tax return must have an SSN. Some states allow you to claim the state-level EITC with an ITIN number.
- **Can people do ID verification through ID.me with an ITIN account?**
  - No, you need an [SSN to use ID.me](#).

- **Will GetYourRefund.org be able to assist someone with an ITIN number? What does that process look like?**
  - GetYourRefund allows you to connect with a VITA site that can also provide ITIN processing. If you are trying to file for an ITIN for the first time, you must submit a full tax return with your ITIN application and then those two things need to be verified by a Certified Acceptance Agent (CAA). Some VITA sites do this, but not all.
  - If you don't have a CAA, families might have to send in their original documents via mail, and this might take a while. It is best to try and get the documents verified by a CAA.
- **What's the timeline to become a CAA**
  - I have heard it can be a lengthy process. If your application is not 100% correct, they will send it back and you need to reapply. This process is long because it has been flagged before and it is filled with fraud.

Notes from a participant: For Mexican nationals, the Consulate of Mexico offers Passport Certifications, so they don't have to send their original Passport to the IRS when applying for an ITIN.

Also be aware of fraud targeting new Americans- we have had a few clients say they are being charged \$500 for ITIN paperwork or refugees being told they need to file taxes!