



## Extension partners to provide tax assistance sites in rural communities

### The Situation

Created in 1975, the Earned Income Tax Credit (EITC) helps offset Social Security taxes and provides an incentive to work. The EITC is an earned refundable credit provided to workers employed either part- or full-time who meet income and other eligibility requirements. In the 2009 tax year, the average credit received by 132,794 Idaho recipients was \$2,129 for a state total of \$283 million. These funds provide individuals and families with more money to cover the rising costs of food, transportation, and child care, increasing the ability of workers in low to moderate-paying jobs to support themselves and their families. Due to high unemployment rates, reduced wages, and scaled-back hours, many additional workers qualified for credits in recent years.

According to the Internal Revenue Service, up to 25% of those eligible for the refund do not apply. This is a loss of millions of tax credit dollars to household incomes and local economies, especially in our rural communities. Individuals and families need guidance on eligibility requirements for tax credits as well as assistance completing the required tax forms.

### Our Response

From January to mid-April 2010, Nez Perce County Extension and Community Action Partnership (CAP) Community Education scheduled and hosted new Volunteer Income Tax Assistance (VITA) sites in rural communities throughout north central Idaho. Student volunteers from the University of Idaho's College of Law and College of Business and Economics completed IRS training and assisted families and individuals in the completion of their tax returns to ensure they receive all of the tax credits for which they're eligible.

Nez Perce County Extension designed and implemented an evaluation survey to document the number of low-income individuals and families using free income tax preparation sites, their overall experience at a VITA site, and how they plan to spend the money received from tax credits.

### Program Outcomes

Tax preparation assistance was provided for 45 residents in St. Maries, Plummer, Kamiah, Craigmont, Calder, Fernwood and Worley. Based on the 2009 average Idaho EITC credit, these VITA sites had potential to bring an additional \$95,000 into north central Idaho communities in 2010. After receiving assistance at a local VITA site, clients were asked to complete an optional short evaluation. Survey results show 87% of respondents felt the length of time it took to prepare their tax return was reasonable and that the tax preparer had good knowledge of tax law. Twenty percent of VITA clients plan to use their tax return for home repair with 13% spending it on child care, car repair, car gas/oil, or food. Participant's household income ranged from \$653 to \$50,000 and 47% had some college education. Slightly more than half of all VITA clients lived in a family structure of two adults with no children. A majority of respondents were white, female, and 57 years old or older. Eighty percent plan to visit a VITA site next year and 93% plan to recommend visiting a VITA site to their family and friends. One respondent reported, "the young men and women from VITA were very gracious, kind and helpful and we truly do appreciate their help."

### References

Indicators Northwest. Idaho. Earned Income Tax Credit. <http://www.indicatorsnorthwest.org>.

Internal Revenue Service. Volunteer Income Tax Assistance Program. <http://www.irs.gov>.

University of New Hampshire Cooperative Extension. Extension Tax Preparation and Education Survey, 2009.

**FOR MORE INFORMATION**

**Kathee Tift**, Extension Educator  
University of Idaho Extension, Nez Perce County  
1239 Idaho Street  
Lewiston, ID 83501  
Phone: 208.799.3096  
Fax: 208.799.3054  
E-mail: ktift@uidaho.edu

**Maria Lacey**, Community Education Specialist  
Community Action Partnership  
124 New 6th Street  
Lewiston, ID 83501  
Phone: 208.746.3351  
E-mail: m.lacey@cap4action.org

31-12ktift-tax.pub  
11/12