

Please contact the Internal Revenue Service (IRS) or New York State Department of Taxation and Finance for more detailed information based on your specific situation or **call 311** and ask for tax preparation assistance.

Tax Credits

Source: IRS and the New York State Department of Taxation and Finance

What are tax credits?

- Tax credits can reduce the amount of taxes you owe **or** you can get money back as a tax refund by claiming credits.
- Tax credits are usually based on income, number of children, age, and employment status.

What are some important tax credits for me?

The Earned Income Tax Credit (EITC) and the Child Care Tax Credits can provide significant benefits if you qualify.

What is the Earned Income Tax Credit (EITC)?

The EITC is a federal, state, and New York City tax credit for qualifying families, noncustodial parents, or singles who work full time or part time or are self-employed. For working families the credit could be worth up to \$8,427.

Basic requirements to qualify for EITC:

- Your income and marital and parental status fall within the criteria below.

Status	Income
Married	
...with qualifying children	Earning up to \$53,267
*...with no qualifying children	Earning up to \$20,330
Single	
...with qualifying children	Earning up to \$47,747
*...with no qualifying children	Earning up to \$14,820
Noncustodial Parents (Married or Single)	Earning up to \$39,130

*You must be at least age 25 but under age 65.

**Parents not living with their children who are up-to-date on their child support payments

- You have a valid Social Security number (SSN).
- You file a tax return.
- You have investment income less than \$3,400.

What is the Child Care Tax Credit?

- The Child Care Tax Credit is a federal, state, and New York City tax credit that assists families with the cost of child care.
- Federal and state tax credits require that the qualifying child(ren) are up to (but not including) age 13. **There are no income restrictions on the federal and state credits. However, the federal credit is non-refundable.**
- The New York City Child Care Tax Credit (NYC CCTC) requires that the qualifying child(ren) are up to (but not including) age 4. **You must earn less than \$30,000 to claim the NYC CCTC, which is worth up to \$1,733.**
- The child(ren) must have lived with you for more than six months.
- You can have either a SSN or Individual Taxpayer Identification Number (ITIN).
- You will need to verify child care by having your child care provider's Taxpayer Identification Number or SSN.

How do I get these credits?

- You must file your federal and New York State tax returns. See the **Tax Preparation Tips** section on the back to learn if you're eligible for free tax preparation.

- You can claim these tax credits for up to three years in the past if you didn't claim them previously.
- In some cases, you don't have to owe income tax to get the credits.

How will these tax credits affect my other public benefits?

In most cases, claiming tax credits does not affect eligibility for benefits like the Food Stamp Program, Supplemental Security Income (SSI), Medicaid, Temporary Assistance for Needy Families (TANF), or public or subsidized housing. These credits are not considered income when determining eligibility for these programs, but they may be counted as a resource for some programs if the money is not spent within a certain time frame.

Tax Preparation Tips

If you earn \$62,000 or less, you may qualify for FREE TAX PREP services, including online filing and in-person filing with an IRS certified VITA/TCE volunteer preparer.

For more information, including the list of documents you need to file your taxes, go to nyc.gov/taxprep or call 311 and ask for tax preparation assistance.

Know your rights.

As a tax filer, you have important rights in New York City. Tax preparers must:

- Give you a copy of the *Consumer Bill of Rights Regarding Tax Preparers*.
- Post all fees and charges, including fees for data and document storage and transmission.
- Post their qualifications and tell you if they will represent you if you get audited by the government.
- Sign every tax return.
- Give you a copy of your tax return and a receipt.

Beware of RALs, RACs, and Refund Transfers:

- A **Refund Anticipation Check (RAC)** or **Refund Transfer** is a high-priced way to delay payment of tax preparation fees and does not speed up your refund.
- A **Refund Anticipation Loan (RAL)** is a high-interest loan. A RAL is not an "instant refund." It is a loan that you must pay back to the bank.
- Using a RAL or RAC will cost you money and lower the total amount of the refund that you receive.
- The bank making the loan can charge you fees and interest. The tax preparer who offered the loan cannot add charges or fees for preparing your RAL application.
- It is illegal for a tax preparer to disguise a RAL as an "instant refund," a "rapid refund," an "express refund," "fast cash," or by another similar term that hides the fact that a RAL is a loan.
- You cannot be required to take out a RAL.

You can keep your whole refund and file your taxes for free at NYC Free Tax Prep sites throughout the city. See above.

Use direct deposit.

If you use a paid preparer, be sure to ask about electronic filing, direct deposit, and other options to speed up payment of refunds and to avoid using RALs and RACs. If you use direct deposit, you can receive your federal tax refund in 8 to 14 business days. If you need a bank account, visit nyc.gov/safestart to find out how you can open an NYC SafeStart Account. The NYC SafeStart Account has no overdraft fees and no monthly fees if you maintain a minimum balance of \$25 or even less depending on the financial institution.



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Mayor

**Consumer
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Julie Menin
Commissioner