

About the Earned Income Tax Credit Outreach Campaign

What is the Earned Income Tax Credit or EITC?

The Earned Income Tax Credit (EITC) is both a federal and NC state tax credit for low- and moderate-income working families earning less than \$41,646 a year.

Why is it important?

The Earned Income Tax Credit (EITC) helps the working poor climb out of poverty by rewarding work. Each year, approximately 5 million people -- more than half of them children -- leave poverty due to the combined benefit of work and the EITC. The EITC also increases tax fairness by offsetting the high payroll and state and local taxes paid by low-income families.

Why we need to spread the word about the EITC

The value of the federal EITC can be nearly \$5,000 for married couples with two or more children. ***Unfortunately, many eligible workers fail to claim the EITC each year***, leaving a significant amount of money on the table -- money that can improve their lives and the lives of their children, as well as stimulate the local economy. A conservative estimate is that NC workers lose more than \$135 million each year in unclaimed EITC.

To help spread the message about the EITC, the NC General Assembly has spearheaded a statewide EITC outreach effort with participation from a broad array of state agencies and community organizations. As part of this broader effort, groups across the state have formed community tax campaigns that provide free income tax preparation for low- and moderate-income families through the IRS Volunteers in Tax Assistance (VITA) Program and link working families to opportunities to save and build assets.

What does it do for the overall economy?

This year, the EITC will add over \$1.5 billion to the North Carolina economy. Approximately 70 percent of this money is spent locally, which then circulates in the economy two to five more times, creating an even greater economic impact. During this economic downturn, increasing the spending power of low- and moderate-income working families is more critical than ever.

One family's story

A Forsyth County father of three lost his full-time job and had only been able to find part-time work for the past 18 months. The mother had been ill and, because of high medical bills, the family was in danger of losing their home. They came to a free tax preparation site that prepared their taxes for this year and the past two years and found that they qualified for more than \$5,000 in EITC and other tax refunds. Consequently, the family was able to catch up on medical bills and to stay in their home. In these troubled times, the EITC is crucial to families and communities, and we need your help in getting the word out about this important benefit.

For more information, contact Richard Hart at MDC Inc. at rhart@mdcinc.org or 919-968-4531.