

# GETTING MONEY IN THE POCKETS OF TRANSITION AGED YOUTH: FILING TAXES

March 8, 2022



# AGENDA

1. Introductions and Goals for the Session
2. Funds available through filing taxes for TAY
3. Ways to help youth file their taxes
4. Special issues
5. Q & A



# ***Personal Experience: The Impact of Filing Taxes***

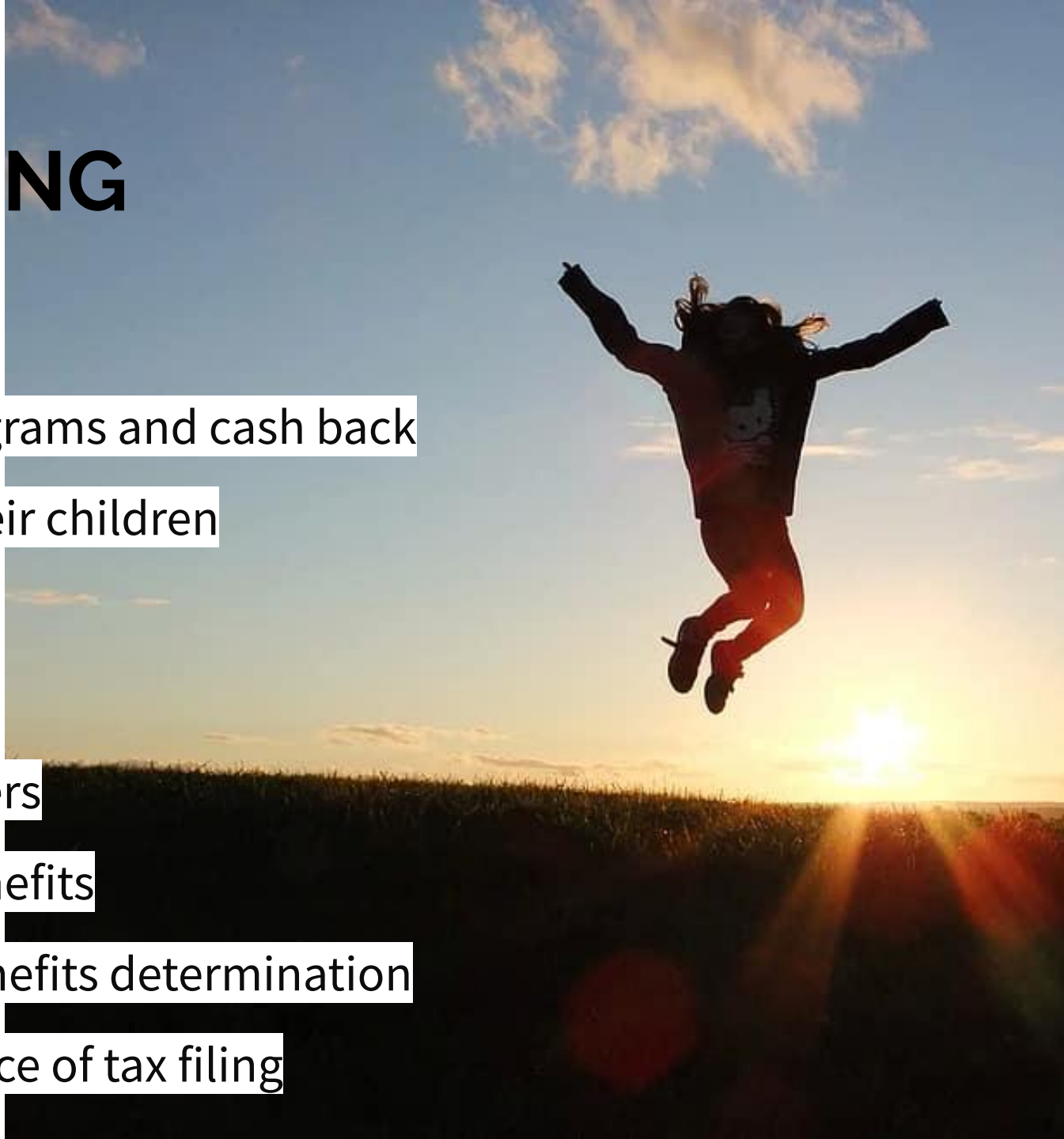
# TEMPORARY CHANGES IN THE TAX LAWS BENEFIT TRANSITION AGED YOUTH

- Changes in the law impacting the Earned Income Tax Credit, the Child Tax Credit, and the availability of Economic Income Payments offer thousands of dollars to individuals.
- Transition-aged youth with experience in foster care and homelessness are eligible for special relief this year.
- **Young people must file their taxes to claim these funds.**



# BENEFITS OF TAX FILING

- Decreases poverty
- Ensures access to tax benefit programs and cash back
- Supports parenting youth and their children
- Increases access to financial aid
- Uncovers identity theft
- Eliminates use of paid tax preparers
- Maintains eligibility for public benefits
- Establishes official income for benefits determination
- Educates and helps instill a practice of tax filing



**CASE EXAMPLE 1:** JASMINE, AGE 20, is in extended foster , and lives in an SIL apartment WITH HER 2 YEAR OLD CHILD . She WORKED ON AND OFF IN 2021.

All three stimulus checks (EIPS)	\$5,600
Earned Income Tax Credit	\$3,618
Child Tax Credit	\$3600
<b>TOTAL</b>	<b>\$12,818</b>

\*\*Note that these are “up to” figures. The specific amount will vary based on an individual’s income.

**CASE EXAMPLE 2:** Sam, age 19, is staying on the couch of a few friends, and worked part time in 2021.

All three stimulus checks (EIPS)	\$3,200
Earned Income Tax Credit	\$1,502
<b>TOTAL</b>	<b>\$4,702</b>

\*\*Note that these are “up to” figures. The specific amount will vary based on an individual’s income.

# EARNED INCOME TAX CREDIT (EITC)

The EITC is a tax credit for individuals who have income from working.





# TEMPORARY CHANGES TO THE EITC FOR THE 2021 TAX YEAR: Increase in Payment Amounts

- The amount of the credit is increased:
  - Up to \$1,502 for non-parenting individuals.
  - Up to \$3,618 for one child, \$5,980 for two children.
- Individuals only need to have made \$1 or more last year to be eligible for the EITC.



# TEMPORARY CHANGES TO THE EITC FOR THE 2021 TAX YEAR

- The minimum age of eligibility for non-parenting individuals is reduced from 25 to 19.
- The minimum age of eligibility for youth with experience in foster care and youth experiencing homelessness is temporarily reduced from 25 to 18.
- Youth with experience in foster care and youth experiencing homelessness who are eligible can claim EITC, even if they are full-time students.



## WHO IS CONSIDERED A FOSTER YOUTH, AN UNACCOMPANIED HOMELESS YOUTH AND A YOUTH WHO IS SELF-SUPPORTING AND AT RISK OF HOMELESSNESS?

- You are considered to be an **unaccompanied homeless youth** if you are not in the physical custody of a parent or guardian and you stayed at shelters, campgrounds, cars, in motels, or temporarily with other people (“couch surfing”).
- You are considered **self-supporting and at risk of homelessness** if you pay for your own living expenses, including housing, and may face a loss of housing or have no other stable housing arrangement.
- You are considered to be a **foster youth** if you are in foster care or were in foster care when you were age 14 or older.

# IDENTIFYING AS A YOUTH WITH EXPERIENCE IN FOSTER CARE OR HOMELESSNESS

- Young people should check box 27A if they are or were in foster care or are or were experiencing homelessness.
- This will help the IRS know that they qualify for the temporary EITC changes and allows child welfare agencies to share information with the IRS to confirm eligibility.
- Young people do not need to provide additional documentation of foster care or homelessness.

<b>27a</b> Earned income credit (EIC) . . . . .	<b>27a</b>	
Check here if you were born after January 1, 1998, and before January 2, 2004, and you satisfy all the other requirements for taxpayers who are at least age 18, to claim the EIC. See instructions ► <input type="checkbox"/>		

# TEMPORARY CHANGES WITH THE CHILD TAX CREDIT

- The CTC is temporarily:
  - expanded to reach many more low and very low income families
  - the amount is increased
  - families with children up to age 17 are eligible
- Parents and caregivers are eligible for up to:
  - \$3,600 per year (\$300 a month) per child for children ages 0 to 5
  - \$3,000 per year (\$250 a month) per child for children ages 6 to 17

Parenting individuals are eligible whether or not they have earned income in 2021.

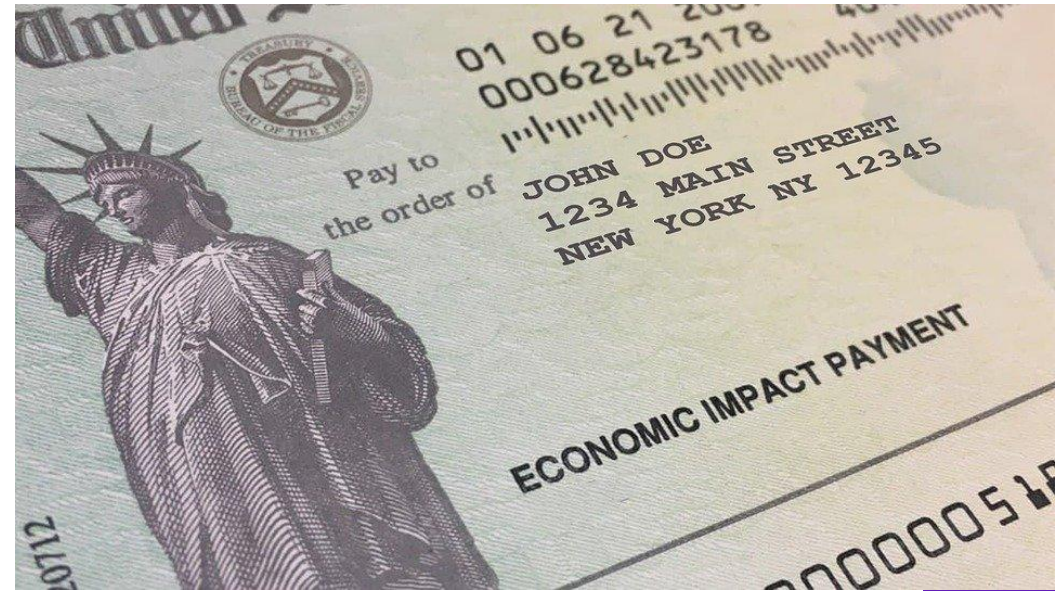


# TEMPORARY CHANGES WITH THE CHILD TAX CREDIT

- This tax credit is paid out across the 2021 and 2022.
- Parents may have received advanced monthly checks, worth part of the value of the full credit.
- Monthly payments began in July 2021 and a portion of the payment will be received following the filing of taxes for 2021 in 2022.

# ECONOMIC IMPACT PAYMENTS (EIPS) “STIMULUS CHECKS”

- Young adults may be eligible for all three Economic Impact Payments (EIPs) from the three federal relief bills.
- This could amount to up to \$3,200 (more if the young person has children).
- EIPs do not count as income for any means tested benefits or programs.
- Youth access EIPs (stimulus payments) by filing their taxes.



# SUPPORTING YOUTH IN FILING THEIR TAXES

- Filing can be intimidating and confusing. Your support through the process dramatically increases the odds of a youth filing!!
- Connecting youth with VITA sites is your best bet because they can receive more individualized attention.
- Helping youth through the process of free online assistance through Get Your Refund is also an option.







# HELPING YOUTH FILE: CONNECT YOUTH WITH VITA SITES

- Identify local IRS Volunteer Income Tax Assistance (VITA) Site.
- Input your zip code here: <https://irs.treasury.gov/freetaxprep>
- Help the youth make and prepare for the appointment.

# HELPING YOUTH FILE: VITA SEARCH TOOL

<https://irs.treasury.gov/freetaxprep/>

## Get Free Tax Prep Help

The IRS Volunteer Income Tax Assistance (VITA) and the Tax Counseling for the Elderly (TCE) programs offer free tax help for taxpayers who qualify near:

within  miles

[Find >>](#)

2 results found

Provider	Distance	Dates	Hours	Languages	Appointment
MIYP Widener Law Commonwealth 3605 Vartan Way 2nd Floor Money In Your Pocket Harrisburg, PA 17110 717-541-1993 Volunteer Prepared Taxes <a href="#">Get Directions and Service Details</a>	1.6 MI	31 JAN 2022 - 14 APR 2022		English	Required
MIYP Tri County Community Action 1514 Derry Street Money In Your Pocket Harrisburg, PA 17104 Volunteer Prepared Taxes <a href="#">Get Directions and Service Details</a>	4.1 MI	31 JAN 2022 - 14 APR 2022	TUE 6:00AM - 8:30PM	English Spanish	Not Required



# **HELPING YOUTH FILE: USING FREE ONLINE ASSISTANCE THROUGH GET YOUR REFUND**

- Get Your Refund provides online assistance that can include phone contacts.
- Get Your Refund is a non-profit service built by Code for America in partnership with IRS-certified Volunteer Income Tax Assistance (VITA) sites nationally.
- The site connects individuals with IRS certified tax preparers who provide assistance online.
- Link to website: <https://www.getyourrefund.org>.

# HELP YOUTH PREPARE FOR VITA OR ONLINE FILING: GATHERING DOCUMENTS

## Vital Documents and Information

- State or other identification
- Address
- Social Security Number or ITIN
- Bank account and routing number
- Identity Protection PIN if you have been assigned one.

## Proof of Income

- W-2: a document from your employer that shows how much you have made
- Form 4852: a form you may need to fill out if your employer did not give you a W-2
- Form 1099-NEC: If you were paid as a contractor for jobs like DoorDash or TaskRabbit, you may have received this form to show the amount you were paid
- Form 1099-G: a form you should have if you received unemployment
- 1099-INT: a form that shows any interest you made if you have a savings account

# **SPECIAL ISSUES AND Q & A**



# CAN YOUNG PEOPLE IN FOSTER CARE FILE TAXES?

- Many young people in foster care and those who have aged out are eligible.
- An individual is eligible as long as no one can claim them as a dependent under the tax code.
  - This is not the same as a “dependent” in the child welfare system.
- A young person is likely to NOT be someone’s dependent if they have been outside their parents’ care for more than 6 months and are NOT in a foster home.



# **SPECIAL ISSUES: A YOUTH WAS IMPROPERLY CLAIMED OR THEIR IDENTITY WAS STOLEN**

- This can happen when a person connected with the youth continues to claim them or when their identity is stolen.
- The youth will need to file a tax return by mail.
- This will trigger an investigation by the IRS. The youth will receive a letter in the mail from the IRS that asks for more information. The person who improperly filed will also be asked to provide additional information.
- Youth can call the IRS Identity Theft hotline number at 1-800-908-4490 and report ID theft.
- Youth should talk to their attorney to get assistance in dealing with these issues, which can be complicated.



# **SPECIAL ISSUES: IMMIGRATION STATUS**

- If a youth has a work-authorized social security number (SSN), including under Deferred Action for Childhood Arrivals (DACA), they can claim any of these tax credits or benefits.
- If they do not have a work-authorized social security number, they cannot claim these credits for themselves, but they may be able to claim the Child Tax Credit or the third stimulus payment for their children if they have social security numbers. They will need to have, or apply for, an Individual Taxpayer Identification Number (ITIN) to claim these credits.



# MATERIALS & RESOURCES

<https://schoolhouseconnection.org/earned-income-tax-credit/>

- Tax Credits page contains links to:
  - EITC Screening Tool
  - Email templates for social services, education professionals, and for young people
  - FAQ for young people
  - Summary of policy changes
- Does My Living Situation Meet the Definition of Homelessness?


<https://schoolhouseconnection.org/am-i-experiencing-homelessness/>

# MATERIALS & RESOURCES

- Tax Prep Checklist for TAY:  
<https://jbay.org/wp-content/uploads/2022/02/Tax-Prep-Checklist-National-2022-1.pdf>
- Tax Filing Guide for TAY:  
<https://jbay.org/wp-content/uploads/2022/02/TAY-Tax-Guide-National-2022-1.pdf>
- Benefits of Filing Taxes for TAY:  
<https://jbay.org/wp-content/uploads/2022/02/How-Tax-Filing-Benefits-Foster-Youth-National-2022-1.pdf>

# MATERIALS & RESOURCES

- Get it Back Campaign
  - [www.TaxOutreach.org/coronavirus](http://www.TaxOutreach.org/coronavirus): EITC and CTC Toolkits
  - <https://www.taxoutreach.org/blog/what-do-i-do-if-i-didnt-get-my-stimulus-check-in-2020/> : Info on missing EIPs.
- Get Your Refund Website: [getyourrefund.org](http://getyourrefund.org)



**Q & A**



# Contact Information

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## Looking for More Information on Tax Benefits for Foster Youth, Kinship Caregivers, and Homeless Youth?

**Webinar Hosted by Congressman Danny K. Davis, “Maximizing Your Tax Credits Virtual Event” *Foster Youth, Kinship Caregivers, Homeless Youth, Key Tax Benefits and Much More*, Tuesday March 8, 2022 / 7:30 EST/6:30 PM CT/4:30 PST**

### **Registration:**

**<https://ushr.zoomgov.com/meeting/register/vJltdOqqqjloGGMssk7SWCtmJdB2XjMTxHw>**