



Illinois Department of Revenue

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Sharp Increase in Earned Income Tax Credit Payments

With three weeks left, families can still get free tax preparation and EITC eligibility assistance

CHICAGO – Illinois families have an extra \$15.4 million in their pockets so far this year due to a 16% increase in the number of families eligible for tax credits through the Earned Income Tax Credit (EITC). About 638,000 Illinois families have already received EITC credits of \$80.8 million since the start of the 2010 tax season. Last year at this time, Illinois had paid \$65.4 million to 550,000 families.

State and non-profit tax assistance providers are urging families to file their tax returns as soon as possible and to seek free tax assistance to maximize their refunds from last year's tax payments. This is particularly true for the 500,000 or more Illinois workers who received unemployment insurance benefits during 2009, and who might be eligible for federal and state Earned Income Tax Credits (EITC).

State partnerships with the Center for Economic Progress' Tax Counseling Project and Ladder Up (formerly the Tax Assistance Program) are offering free tax preparation assistance and e-filing for families across Illinois. Services are free for families who earned under \$50,000 and individuals who made less than \$25,000. The sites are open on evenings and weekends to accommodate working families and will remain open through April 15. A complete list is available on the Department of Revenue's website at tax.illinois.gov.

"Illinois offers a free Web File program for all taxpayers, regardless of income, that provides fast refunds that can be deposited directly into a family's bank account in about a week," said Director Brian Hamer, Illinois Department of Revenue. "By filing through a tax counseling agency or through WebFile, Illinois families can get their entire refund fast and free and avoid the cost of hiring tax preparation services, taking a refund anticipation loan (RAL) or purchasing expensive tax software to file from their home computers."

Families raising two or more children in their home could get up to \$4,824 from the federal EITC. Illinois residents who claim the federal EITC may also get a refundable state EITC credit worth up to \$241. For families whose income was reduced as a result of job loss, EITC benefits might provide an important cushion against overwhelming debt.

“The stimulus legislation provided tax benefits for those collecting unemployment insurance benefits,” said Maureen O’Donnell, Director of the Illinois Department of Employment Security. “We highly encourage all of those individuals to avail themselves of these when filing their tax returns this year.”

In 2010, there have been changes in the way unemployment benefits are taxed. The American Recovery and Reinvestment Act of 2009 established special tax breaks for taxpayers who received unemployment compensation in 2009. Up to \$2,400 in benefits can be excluded in determining taxable income for each family member receiving benefits. Each unemployment recipient will receive a 1099-G detailing the amount of benefits received. Since Illinois income tax is based on the federally determined Adjusted Gross Income (AGI), Illinois taxpayers will reap an additional benefit when determining their tax payments to the state.

“In today’s difficult economy, hard-working, low-income families have been hit hardest. But tax time can be an opportunity for these families to make ends meet, thanks in large part to the EITC,” said David Marzahl, President of the Center for Economic Progress. “Our dedicated, trained and certified volunteer corps will help more than 35,000 low-income families claim all the credits that they deserve this year while providing them with financial opportunities that can help them move towards more solid financial ground.”

Marzahl pointed to the example of Janet, a Chicago resident and single mother of one who works hard to make ends meet. Janet lost her job and her home and has been trying her best to rebuild her life during this tough economy. “I know that life isn’t about the things you have, but it is hard to rebuild everything when you are left with nothing,” said Janet. “I am trying to put my life back together and [the EITC] helps.”

Since the start of the 2010 tax season, more than two million Illinois individual tax returns have been filed electronically, a slight increase over last year. The State anticipates that more than 60% of all individual tax returns will be filed electronically in 2010. Eighty-five percent of taxpayers who are owed tax refunds have opted to have those refunds deposited directly into their bank accounts.