



How to Help Your Clients Avoid Tax Predators and File for Free

By Amber Werner

The 20-something woman in the financial management class I was teaching was a full-time employee at a fast-food restaurant. She also was the single mother of six children, working hard and doing everything she could to get ahead. While we were looking over her financial documents, she showed me her tax return from last year.

Like many working-class people struggling to get by, she had been lured by the promise of painless tax preparation and quick payout of the tax credit owed her under the federal Earned Income Tax Credit (EITC) program. She'd gone to a predator tax preparation service, one of those slapdash outfits that spring up like toadstools after a rainstorm in working-class neighborhoods around the first of the year, then vanish after April 15, having sucked thousands of dollars out of struggling communities.

They told her it would cost her "only" \$180 to file her tax return. But, having some time on my hands one day, I looked at that tax return and there it was, on page 12 in 6.5-point type and dense legalese: They had actually charged her \$1,800. And a year later, she still didn't realize she'd paid that much.

This bait-and-switch is happening across the country because people who have six kids, work full-time and are doing everything they can to manage don't have the time or the savvy or the energy to read 12 pages of legalese in 6.5-point type. I might not have read it if I had been in her situation, with the stress she's under, with her schedule changing every other week and with working like crazy but it's never enough.

The EITC is the biggest anti-poverty program in the United States. It was never intended to enrich sleazy operators who bring employees in from outside, take money out of the community, then fold up shop and leave. It was intended to incentivize work, provide relief to low-income employees and bring a measure of prosperity to their communities as money in their pockets circulates locally.

I asked the woman what kind of difference \$1,800 would make for her family. She said she would have been able to change a diaper sooner, get more toilet paper and cleaning supplies for the house, do extra laundry, purchase school supplies and have her kids feel like Christmas was going to be good.

That \$1,800 for someone who is making minimum wage, about \$200 per week after taxes, is a lot different than \$1,800 for you and me. And it's important to remember that as we're advising our clients

in poverty or helping the low-income employees of our own organizations. (In fact, even \$350 – the average cost of a tax return at a legitimate commercial preparer – looms large in a minimum-wage budget.)

So how can we help our clients or employees avoid tax predators and hold on to the money the government intends them to have? There are two amazing United Way programs to which you can refer them:

- [The Volunteer Income Tax Assistance program](https://irs.treasury.gov/freetaxprep/). VITA is an IRS program led in many communities across the nation by the United Way. People can call the United Way 2-1-1 hotline service, then sit down with an IRS-certified tax preparer and have their taxes e-filed for free. Alternatively, they can go online at <https://irs.treasury.gov/freetaxprep/> or call 800-906-9887.
- MyFreeTaxes.com. The client with a smart phone or access to technology can file their own taxes through the only free, online national tax preparation service, sponsored by the United Way and H&R Block in all 50 states and the District of Columbia. (Yes, I know, other services claim to be free, but here's one of my rules of thumb: If they're advertising during the Super Bowl, no way is it free!) This service is free for both federal and state filing for incomes \$66,000 or less – estimated to be 70 percent of the U.S. population. It's also super-easy – even easier than TurboTax – and takes no more than ten or 15 minutes.

There's also an IRS tax preparation program called Tax Counseling for the Elderly (TCE) that offers free tax help for all taxpayers, particularly those 60 years of age and older. A majority of TCE sites are operated by the AARP Foundation's Tax Aide program. People can use the AARP Tax-Aide Site Locator Tool or call 888-227-7669 to locate a site.

So these are some different solutions for making sure we shut down tax predators and help people who are struggling keep that precious EITC money in their households and in their communities.

For more information and some marketing resources, you can go the website of my United Way organization, <http://uwsjc.org/unitedway-mft-toolkit>. See especially the flyers at http://uwsjc.org/images/stories/My_Free_Taxes_Flyer_2018.pdf and http://uwsjc.org/images/stories/My_Free_Taxes_Information_Sheet_2018.pdf, which can be customized for your locale.

Let's put tax predators out of business once and for all!

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