



Free money with tax credit

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With the high cost of living in New York City, extra money can be a source of relief. That cash cushion, or savings, can come through the Earned Income Tax Credit (EITC).

A credit that can boost a tax refund by up to \$6,000, the EITC is available to eligible working families and individuals. That eligibility includes that the family or individual earns less than \$38,000.

For New Yorkers who may be kicking themselves about not having filed for the EITC before, there's still time. And the city's Finance Department has started reaching out to past eligible workers who have not filed. The department has mailed completed tax forms to 95,000 New Yorkers who filed returns for 2003 and 2004, but did not claim the EITC.

Many low-income, working families and individuals are eligible for the EITC. But these same people are vulnerable to Refund Anticipation Loans (RALs).

RALs are loans against an expected refund. They are accompanied by high fees and annual interest rates anywhere between 40 to 700 percent, yanking away the prospect of maximizing a tax refund. Watchdog groups like the Neighborhood Economic Development Advocacy Project (NEDAP) have shown that RAL announcements are concentrated in low-income neighborhoods.

The appeal of RALs is that they provide money fast. But these days, the Internal Revenue Service can quickly send a refund by depositing a return into a bank account.

An annual citywide campaign is educating New Yorkers about the EITC and where to get reliable and free or affordable help with filing taxes. For more information, visit the NYC Department of Consumer Affairs at www.nyc.gov/eitc or call 311.