

Penn State Extension

Financial Education through Taxpayer Assistance 4-county VITA Volunteer Income Tax Assistance Impact Report

2010 Tax Year—Cameron, Elk, McKean and Potter Counties

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Income tax return preparation time provides Extension educators numerous teachable moments about not only income tax but general money management skills as well. This is the seventh year for the VITA program to provide:

- A) Preparation and electronic filing of federal and state income tax returns as well as Pennsylvania's rent and property tax rebate forms.
- B) Education to increase understanding of federal and state income taxation and how those tax laws apply to their unique household financial situation.
- C) Financial education to help families maximize the use of any tax refunds they may receive.

VITA is a program of the Internal Revenue Service that provides numerous resources to train, test and certify volunteers as well as online software to perform tax preparation. This educational initiative reaches low-wage, elderly and disabled tax filers by emphasizing the "3 P's" **Promotion:** of tax credits and availability of free tax prepara-

tion.

Preparation: free tax preparation and electronic filing to income eligible taxpayers. Capitalizing on the relationship building opportunities and numerous timely teachable moments, learners receiving a tax refund also benefit from financial education to help maximize the use of any income tax refunds.

Planning: for financial stability and wealth-building. Based on the individual taxpayers situation, they receive verbal and

and state laws regarding income taxation. Many are unaware that if their income falls below a certain threshold, they are not even required to file a return. Others, receiving large refunds, are not aware of how various credits affect their refund and what events may reduce the amount of their refund as time passes. More than once we've encountered clients who in past years sought and paid for the services of a paid-preparer when they were not required to file. Commercial preparers also

make short-term loans (called rapid refund or refund anticipation loans) that can carry high annualized interest rates. Clients can avoid these fees though direct deposit into a bank account when filing through VITA.

In short VITA participants do not pay for tax preparation, filing or loan fees. Not only does VITA save money which is returned to the community economy, they also learn valuable money skills making them less likely to rely on other community resources.

Project Highlights

- 5 trained and certified Volunteer Preparers
- 323 households served total of 542 direct and indirect contacts
- Total refunds returned to 4-county economy **\$361,670**

written information to help improve their family finances.

Need for VITA

Increasingly complex and ever-changing tax laws, poor reading skills, and lack of understanding of the tax code are just a few of the multiple barriers families face in trying to comply with federal

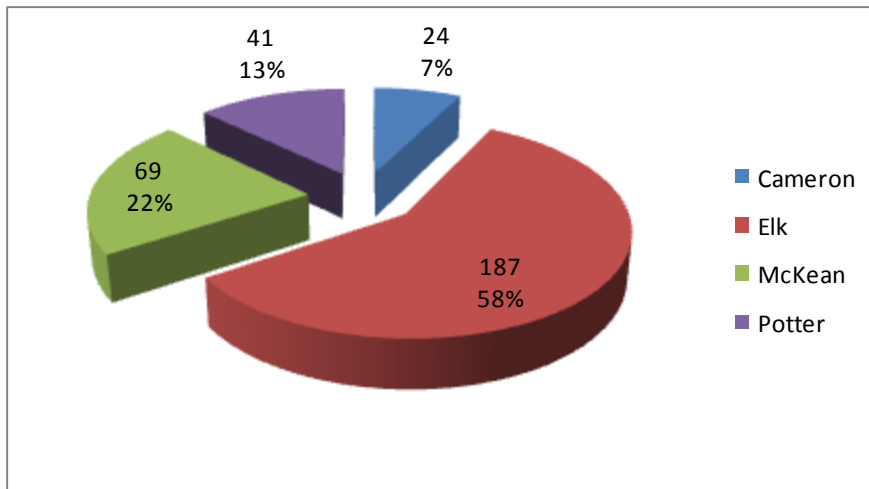


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Tax filers by County



Penn State Extension in Elk County partnered with Careerlink centers in Cameron, McKean and Potter Counties, the Community Education Council in St. Marys and the Johnsonburg Senior Center to provide this valuable outreach service. THANK YOU to these sites who provided not only meeting space, but also computers, internet service and also scheduled appointments.

To learn how you and your organization can help with this ongoing program please contact:

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Total Federal Tax Refunds		\$284,359
PA State Refunds		\$18,795
No. PA Rent/Property Rebate forms completed	140	\$58,516
Estimated filing fee VITA saved filers	323 @ \$190	\$61,370
Volunteer Time Value	500 hours @ \$20.85	\$10,425
Total Economic Impact		\$433,465

Age of primary filer

