



INCOME TAX TIP SHEET

UPDATED 4.6.21



This tip sheet is intended to give youth who had child welfare involvement some items to consider when filing your taxes. We cannot help you file your taxes or give you advice on your specific situation.

Tax Basics

Filing Taxes Can Speed Up the Time for Getting Your Stimulus Payments. To learn more, see our "I Need My Money Fast" tip sheet.

FILING TAXES:

A "tax return" is the form you file with the IRS that reports how much money you earned (your income) and calculates how much money you will receive back or what you might owe. You must file for 2020 taxes (even if you earned 0 dollars) to get the stimulus payment in 2021.

TAX YEAR:

The tax year is a calendar year - from January to December. You file your 2020 taxes in 2021.

FILING & DUE DATE:

April 15th is regularly the day when taxes are supposed to be filed. In 2021 the tax filing deadline was moved to May 17, 2021. If you owe money on taxes, this is also the day your payment is due.

LATE RETURNS:

If you file after the due date, that is called a "late return." If you missed the deadline, you should file your taxes as soon as you can. You can get a **refund even if you filed late**. If you had not filed taxes in the past and are entitled to a refund for those years, you can still get for a refund up to 3 previous tax years. But if you owe money from past years you may have to pay late fees and penalties.

AMENDED RETURNS:

You can amend a tax return after you have filed it. The refund due or money owed will be calculated based on the amended return.

INCOME:

Income is the money you earn or get from other sources. For purposes of filing your taxes, money that you get from most government benefits do not count as income that you have to report on your taxes. You do not have to report Postsecondary Educational Services and Supports (PESS), Extended Foster Care (EFC), Supplemental Security Income (SSI), SNAP (food stamps) or cash assistance - Temporary Assistance for Needy Families (TANF)

WITHHOLDING:

If you work for a company, it most likely sends some of your pay to the federal government to cover your federal taxes. What they don't pay you is called withholding. If you work for yourself, you should pay a quarterly estimated tax. (That's a payment every 3 months so you don't owe everything at the end of the year.)



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REFUND:

If the amount withheld is more than the amount of tax you owe, then when you file your taxes you will get the extra money back in your refund. If you don't file your taxes, you won't get the money you are owed!

TAX DEDUCTION:

A tax deduction is a way to lower the amount of money that you owe in taxes. There is a "standard deduction" of \$12,400 which can be used by most low and middle income taxpayers. So, for example if you are single with no children and make \$20,000 a year, you apply the standard deduction of \$12,400 then your tax is calculated on income of \$7,600 and you would owe \$763. So if your employer withheld more than \$763 you will get the difference back as a refund.

TAX CREDIT:

A tax credit is another way to reduce the amount of money taken for taxes, after the amount you owe is figured out. Using the example above, if you owe \$763 and have a tax credit of \$500, then you will get back what was withheld minus \$263.

Refundable Tax Credits You Need to Know About You may use all of the credits that you are eligible for!

1. THE ECONOMIC STIMULUS PAYMENTS.

(TARGET: ALL ADULTS)

The 2020 Economic Stimulus payments were an advance payment on a refundable tax credit for your 2020 taxes. If you did not get two Stimulus Payments in 2020 you can still get the money by as a [Recovery Rebate Credit](#). The third Economic Stimulus payment will work the same way. If you do not get the payment, you will be able claim that tax credit on your 2020 taxes. See our ["I NEED MY MONEY FAST" tip sheet](#) for information on how to get the payment.

2. THE EARNED INCOME TAX CREDIT (EITC).

(TARGET: WORKING POOR)

The EITC is available to people who earned at least \$1 and less than \$15,820 (if single with no children) in 2020. Parents who have custody of their children will get bigger refunds, but you do not have to be a parent to get cash back.

- a. The IRS Website has information on the [Earned Income Tax Credit](#)
- b. For an easier to understand chart see this [article at NerdWallet](#)



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3. THE AMERICAN OPPORTUNITY TAX CREDIT.

(TARGET: COLLEGE STUDENTS IN FIRST 4 YEARS OF SCHOOL)

This tax credit is available to students enrolled in higher education. It is a credit on up to \$4,000 of education expenses. However, that does not mean you will get a \$4,000 credit, as the calculation is more complicated. If you receive the tuition exemption, your tuition does not count as an education expense. But books, laptops, etc. will be included as education expenses.

Tip: Be sure to tell your tax preparer that students who use Florida's tuition and fee exemption ARE eligible for this credit. They are used to looking at the school print out and using tuition as the main expense for this credit. But books, laptops and other expenses also count as educational expenses for this credit.

[To read more go here](#)

4. CHILD TAX CREDITS.

(TARGET: PARENTS OF CHILDREN UNDER 18)

This tax credit is available to parents whose children live with them for at least six months in the year. For the tax years before 2021, the maximum tax credit was \$2,000. It was paid after parents filed a tax return. For 2021, the amount of the credit was raised to \$3,600 for children under 6 and \$3,000 for children between 6 and 17. Instead of waiting until parents file their 2021 taxes, parents will get half of the credit paid monthly between July and December. The monthly payment amount is \$300 for children under 6 and \$250 a month for children 6 to 17. The second half will be paid to parents after filing their 2021 taxes.

Tax Preparation and Filing Options

Check to see if your Independent Living Program offers tax preparation assistance. In ordinary times, there are many locations where trained volunteers can help you prepare your taxes called Volunteer Income Tax Assistance (VITA) programs. Most of those sites closed during the COVID-19 emergency. You can try searching for open sites [here](#) or by calling or call **800-906-9887**

The IRS has a "Free File" option for people whose income is below \$72,000. It is available [here](#). There are several companies that offer tax software that will walk you through the questions you need to answer to file your taxes.

You can also hire a person or company to prepare your taxes. If you hire a person, be sure that they have Preparer Tax Identification Number.

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