

Why Can't I Just Get A Rapid Refund?

Many tax preparers offer sendees like *Rapid Refund* or *Quick Cash*. Not all tax preparers use these services, but it is a good idea to protect your refund. These services are actually really expensive loans called "Refund Anticipation Loans" (RAL). If you sign up for a RAL, you are agreeing to take out a loan that your refund will pay back. The fees and costs for these loans are very high. *In fact, the interest rates can be as high as 774% APR!* This means you could be giving them up to half of your refund. You can learn more information about Refund Anticipation Loans by reading the Montana Legal Sendees Association brochures called, "Protect Your Tax Refund".

Avoid rapid refunds from tax preparation businesses. Why pay for tax preparation when you can do it yourself for free? You can also learn other ways to file for free by visiting:

www.MontanaFreeFile.org

AMERICA'S
CREDIT UNIONS

Where people are worth more than money!

Start saving at your local credit union ~ become a member and have your tax refund electronically deposited into your credit union savings account! To find a credit union near you, go to www.mntnncreditunions.coop

Brought to you by:
Montana Legal
Services
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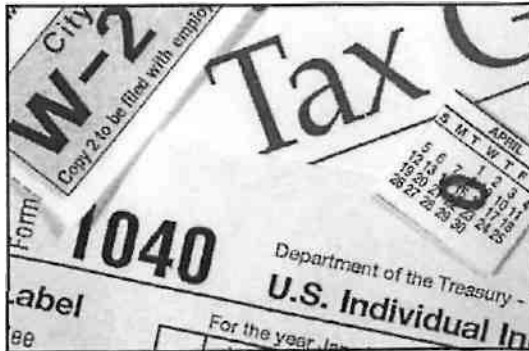
Montana Legal Services
Association
HelpLine
(800) 666-6899

This pamphlet is meant to provide general legal information, not specific legal advice about your situation. The law changes frequently and each case is different. Please consult an attorney about the specifics of your situation.

www.MontanaLawHelp.org

MontanaLawHelp.org is a Web site that contains legal information for Montana residents. On the MontanaLawHelp.org Web site, you can find information about common legal problems, such as divorce, parenting plans, landlord and tenant issues, and public benefits.

MontanaLawHelp.org also provides referrals to free and low-cost local attorneys, contact information for local community resources, and information about the courts that are located in your community.



How To Apply For The Earned Income Tax Credit

MLSA

Montana Legal Services Association

Montana Legal Services
Association

Providing, protecting, and enhancing
Montanans' access to justice.

www.MontanaLawHelp.org

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What Is The Earned Income Tax Credit?

The Earned Income Tax Credit (EITC) is a tax credit that can return a maximum of \$5,666 a year to a low-income working family with three or more children. The dollar amount of the credit decreases depending on your number of children.

If you have **not** claimed the Earned Income Credit before, you may be able to gain money owed to you from the past three years.

How Can I Apply For The EITC?

To apply for the EITC, you will have to file forms with the Internal Revenue Service (IRS). You can use the IRS "EITC Assistant" to find out if you are eligible. The EITC Assistant can also calculate the EITC you may get. See the IRS web site for information at www.irs.gov.

Why Should I Use the Internet To File My Taxes & Apply For The EITC?

If you use the Internet, you can get your money faster, and there are programs that make it completely free! One free Internet program called I-CAN!™ E-File will make filing your taxes easy by taking you through the forms step-by-step and helps you file for the EITC if you qualify.

How Do I Use The Internet To Get The EITC?

You can visit either www.icanefile.org or www.MontanaFreeFile.org. The I-CAN!™ E-File program is easy to use and will ask you simple yes or no questions to file for you. It will tell you if you qualify for the EITC.

MontanaFreeFile.org will show you different ways to file your taxes and claim the EITC for free. For example, MontanaFreeFile.org has information on the Volunteer Income Tax Assistance (VITA) Program.

What Forms Do I Need To File For The EITC?

- You will need your W-2 form. This form states how much money you make from your employer. Ask your employer for this form if you do not have it.
- You will need information about any other income you have made.
- Correct birth names and social security numbers for you, your spouse and your children.
- Information about child care, if you used it, such as:
 - ◆ Name, phone number and address of child care.
 - ◆ Amount you paid during the year.
 - ◆ Taxpayer identification number or social security number of individual or place.
 - ◆ Whether or not your employer pays part of the child care.

What Is The Fastest Way To Get The EITC?

The fastest way to get your refund is to have your refund directly deposited into your savings account. You can do this by electronically filing (e-file) your returns using the Internet. You can e-file using I-CAN! If you have an account at a financial institution and you have the account's routing number, the government will deposit the money directly into your account. If you don't have the routing number, your financial institution can give it to you.

You can still use the I-CAN! internet program even if you don't have an account at a financial institution. You can print your tax return and send it to the IRS in the mail.

Using I-CAN! is fast, and it is free. Other Internet-based programs may charge you.

Where Can I Go To Use the Internet?

If you do not have a computer and Internet access at home, you can go anywhere that has a public access computer with an Internet connection. Your local library or Job Service Center should have the Internet. Be sure to use a computer with a printer if you are using the I-CAN!™ E-File program.

If you do not know where to go, call Montana Legal Services Association. We can tell you where the nearest public access computer is.

You Can Get Free Help With Your Tax Return

If you think you need help with your tax return, there are several places you can turn. If you have access to the Internet, you can visit www.MontanaFreeFile.org to learn about what free file option is the best for you. One of these free file options, I-CAN!™ E-File, will file your Montana state and federal taxes for free online. Visit www.icanefile.org to file your taxes and apply for the Earned Income Tax Credit for no cost!

Volunteer Income Tax Assistance (VITA):

1-800-829-1040

I-CAN! E-File™:

www.icanefile.org

IRS Tax Information for Individuals:

www.irs.gov/individuals

MontanaFreeFile:

www.MontanaFreeFile.org

Montana Legal Services Association HelpLine (800) 666-6899

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Protect Your Tax Refund

MLSA

Montana Legal Services Association

AMERICAS
CREDIT UNIONS™

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Brought to you by:
Montana Legal Services Association and
the Montana Credit Unions for Community Development

Start saving at your local credit union — become a member and have your tax refund electronically deposited into your credit union savings account! To find a credit union near you, go to www.montanacreditunions.coop



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Montanans' access to justice.

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Be Careful With Your Tax Return

Tax season is quickly approaching. For many people this means headaches and filling out complicated tax forms. However, for many low-income working people, tax season means receiving valuable tax benefits. In many cases, you can file your own tax return easily and for free. That way you get to keep all your money.

Filing a tax return can be confusing and intimidating. Some tax preparers offer the following services. Many times you won't need those services and it will end up costing you money.

Be Aware of the Following:

- **Rapid refunds**
- **Quick cash loans**
- **Refund debit and cash cards**
- **High-priced tax preparation fees**
- **Refund down-payment offers**

Rapid Refunds and Quick Cash Loans

Many tax preparers offer services like *Rapid Refund* or *Quick Cash*. Not all tax preparers use these services, but it is a good idea to protect your refund. These preparers say you can receive your tax refund the same day or in 2 days from filing a return. This is not always true.

These services are actually really expensive loans called "**Refund Anticipation Loans**" (**RAL**). If you sign up for an RAL, you are agreeing to take out a loan that your refund will pay back. The fees and costs for these loans are very high. *In fact the interest rates can be as high as 774% APR!* This means you could be giving them up to half of your refund.

DO NOT TAKE THE RISK: If your refund is less than you thought it would be, you are still responsible for paying back the full amount of the loan.

Refund Debit and Cash Cards

Some preparers may offer a debit card instead of a check when you sign up for a *Refund Anticipation Loan*. This may seem like a benefit, especially if you do not have a bank account. But these debit cards can have huge fees: activation fees of up to \$100, and transaction fees of \$2 to \$29 every time you use the card.

Refund Down-Payment Offers

Do you ever see advertisements at car dealerships, furniture outlets, and jewelry stores saying that you can use your tax refund to make a purchase? The dealer offers to prepare your tax return and use your anticipated refund as a down-payment on your purchase. If you sign up to do this, you are

actually agreeing to take out a *Refund Anticipation Loan*. You lose out by paying high preparation fees, high loan fees, and other fees associated with the purchase.

High-Priced Tax Preparation

Most tax preparers charge a reasonable price for their services, but there are some that charge very high fees to low-income people to prepare basic tax returns. They say that extra forms are needed to file returns for low-income people and may charge for extra services such as electronic filing.

If you use a tax preparer, make sure that you get an estimate of all their charges. You have the right to know *exactly* what you are paying for. If you qualify, you may be able to file your state and federal taxes online for free by using the I-CAN!™ E-File program at www.icanefile.org. You may also qualify for other free file tax services besides the I-CAN! program. Visit www.MontanaFreeFile.org to find other ways to file your taxes for free. You can learn about Volunteer Income Tax Assistance (VITA) sites along with the Tax Counseling for the Elderly (TCE) Program.