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Free tax advice available to help Central Jerseyans file returns, claim credits

By *MICHAEL DEAK*
Staff Writer

CENTRAL JERSEYIn perilous economic times, the proper preparation of income tax returns is crucial.

With many individuals living on the economic edge, getting a refund from the Internal Revenue Service can be a pleasant surprise and provide a welcome financial cushion.

With pocketbooks being squeezed from every direction, it's also important to calculate whether you're paying too much money to the government.

That's why a large group of people throughout Central Jersey are volunteering their time and talents during income tax season — which ends April 15 — to help low-income residents, particularly senior citizens, file their federal and state income tax returns.

A HELPING HAND:

The converted classroom with the sign, "Tax Room," on the second floor of Washington School in Raritan Borough is a good place to learn.

That's why Janet Lonney, the volunteer technical coordinator of Somerset County's free income tax preparation program, expects a steady stream of people seeking help through April 15.

In 2008, about 1,400 federal and state returns were filed through the assistance of county volunteers, said Lonney, a Bridgewater resident. Emphasis is placed on helping senior citizens and residents with disabilities.

About 50 volunteers have been trained to help residents navigate the thicket of tax regulations. The volunteers first attend found days of training in tax regulations by the Internal Revenue Service, then two days of training on how to file electronic returns, she said.

Some of the volunteers are retired accountants while others are still working. Lonney said she did not have a professional background in income tax return preparation when she started volunteering five years ago.

"The tax forms don't get any easier," she said.

Lonney said she allows two hours for an appointment, but the time could be as little as a half-hour if a resident has all the necessary paperwork — W-2 forms, bank, brokerage and Social Security statements, medical bills, records of other expenses and a copy of last year's returns.

The advent of electronic filing has made the process easier and quicker, Lonney said.

"The computers do all the addition," she said.

The American Association of Retired Persons (AARP) has donated nine laptop computers for the volunteers to use, she said.

Filing electronically means a tax refund can be deposited directly into a bank account in about two weeks, Lonney said.

Appointments must be made to receive the assistance at one of five locations Hillsborough, Raritan Borough, Manville, Franklin and Warren. After calling for an appointment, a resident will be contacted by a volunteer by telephone or e-mail to schedule a time and location, Lonney said.

CASH IN HAND:

The United Way organizations in Somerset and Hunterdon counties are focusing their free income tax assistance on making sure that low-income residents are claiming their Earned Income Tax Credit.

The Earned Income Tax Credit is the federal government's largest program benefiting lower earning workers.

The IRS estimates that from 20 percent to 25 percent of eligible taxpayers fail to claim the credit that could put as much as \$4,824 into the pockets of a family with two children, or give as much as \$2,917 to a family with one child, or up to \$438 for a worker with no children.

"The extra dollars eligible taxpayers can get through EITC can make their lives a little easier," said Lisa Galonardo, assistant vice president of community and volunteer services at the Somerset County United Way, "but they must file tax returns, even if they aren't required to file, and claim the credit to receive it."

Galonardo said some individuals and families may qualify for the tax credit for the first time because of unemployment or other changes in their financial, marital or parental status during the past year.

Families with the earnings of or below \$38,646 (\$41,646 if married filing jointly) with two or more children; \$33,995 (\$36,995 married filing jointly) for families with one child; or \$12,880 (\$15,880 married filing jointly) if there are no children should check to see if they qualify.

"The Earned Income Tax Credit can raise the annual incomes of lower income workers by as much as 15 percent," said Sarah Jacobi, community impact director at United Way of Hunterdon County, who is also a certified volunteer tax preparer. "Not claiming the credit means missing an opportunity to pay less federal income tax, pay no tax, or receive a larger refund."

Jacobi estimates that almost a third of the people who are eligible for the tax break fail to claim it on their tax returns.

"Given the current economic downturn, many people's income may have changed. Even if they were not eligible to claim the Earned Income Tax Credit last year, they may be eligible this year. We want Hunterdon County residents to know that we are here to help," said Bonnie Duncan, executive director of the United Way of Hunterdon County.

ADDITIONAL HELP:

This is the first year the United Way of Hunterdon is following the lead of their counterparts in Somerset County by offering free income tax preparation assistance. The United Way of Hunterdon's volunteer income tax assistance site opened Feb. 2 and business has been brisk since, Jacobi said.

"The response has been overwhelming," she said.

So far, 20 Twenty people have received help and appointments are being made for 20 more people who have requested assistance, she said.

In the 2007-08 tax year, the Somerset County United Way, through its CASH (Creating Assets, Savings and Hope) program, designed to help low and moderate-income residents achieve financial independence, offered the free income tax help and \$153,000 came back to eligible families.

In Somerset County, the free income tax assistance, in partnership with Emmanuel Community Development Corporation of New Brunswick, for eligible residents will be provided by volunteers at several locations including: Raritan Valley Community College in Branchburg, Bound Brook Presbyterian Church, the Congregational Church of Bound Brook, the Somerset County United Way office in Bridgewater, the Bridgewater Commons mall, Walmart in Watchung, as well as locations in Franklin Township, Manville, Somerville and Raritan.

TRAVELING VOLUNTEERS:

The Somerset County United Way has about 25 to 30 volunteers in the program, Galonardo said. The volunteers are also willing to visit workplaces and nonprofit organizations, she said, but appointments must be made by calling the United Way.

The response so far this tax season has been "excellent," Galonardo said, though it is a "mixed blessing" because the increased number of those requesting assistance is indicative of the rough economic times.

It's also the first year the United Way of Central Jersey, which serves Middlesex County and Franklin Township in Somerset County, is offering free income tax preparation assistance.

Imthiaz Azeez, the vice president of resource development for the United Way of Central Jersey, said the organization's program is conducted by three employees who will travel to a person's workplace to help with the returns.

Azeez emphasized that all of the employee's information is confidential and will not be shared with the employer.

If meeting at the workplace is inconvenient, other arrangements can be made, Azeez said.

But the organization's help does end with the filing of the return, he said. In concert with the United Way's goal of helping individuals maintain financial stability, the United Way will also help individuals with budgeting, Azeez said.

"We want to give as much help as possible," he said.

At all the United Way organizations, the tax preparation service is free and confidential. The returns will be filed electronically so residents can get their refunds faster.