



2021 Tax Filing Season Rights and Responsibilities & COVID-19 Updates

LEGAL AID SOCIETY OF
SAN DIEGO & YMCA
FEBRUARY-APRIL 2022

TOPICS COVERED

Before

- LASSD Legal Services
- W-4
- Dependents
- Filing Status

During

- Form 1040 key features
- Reasons to file taxes
- 2021 Filing deadline
- Income: Wages, S-E, Interest and Unemployment
- Deductibles
- Family Credits: 3rd EIP, GSSI-II, EITC, Advanced CTC, EITC, Credit for Other dependents, Childcare and Education

After

- Tax refunds and payments
- Fraud Issues
- Community Resources for help

- Car sales, loans & repossessions
- Home Improvement loan contracts
- ID theft
- Credit & Bankruptcy Clinic (advise only)
- Debt Collection and other consumer issues.

- Emancipation
- Guardianship Assistance

- Notices to Tenants/Eviction
- Unlawful lock-outs
- Wrongful utility shut-off
- Rental unit reports
- Subsidized rental housing
- Tenant education & training

Consumer Law

**LASSD
Departments**

Juvenile Law

Housing Law

Health and Welfare Law

Immigration Law

Family Law

- Medi-Cal & Medicare, CALWORKS, Food Stamps and General relief
- County medical services
- In-home support services
- CA children services
- Mental health grievances & appeals
- Foster Care

- Naturalization & Citizenship
- Deportation & removal defense
- Family-based petition & Status adjustment
- VAWA & trafficking victims
- Docs. replacement
- Selected DACA renewal processes

- Contested Divorce/Legal Separation
- Paternity
- Child Custody/Visitation
- Child & Spousal Support

LEGAL AID SOCIETY OF SAN DIEGO INC.
(877) 534-2524

Taxpayer Rights & Education

IRS Tax Issues and Controversies

- Audits
- Issues with getting refund or not receiving EIP
- Preparation and Representation before Tax Court
- Communication issues with the IRS
- Collection Alternatives (IA, OIC or CNC)

Unemployment Insurance Benefits (UIB) Grant

- Provide advice and information about applying for UIB with EDD or how to ask for help.
- Assistance with Denials and appeal to California Unemployment Insurance Appeals Board (CUIAB)

FILLING OUT W-4 FORM

- The W-4 is used to tell your employer how much taxes to withhold from your paycheck.
- You get one exemption for yourself, your spouse and each child.
- More allowances, less tax withheld per check=more owed at the end of the year (smaller refund)
- Allowance of zero (0)=most taxes withheld= largest

Form W-4 (2008)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2008 expires February 16, 2009. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if (a) your income exceeds \$900 and includes more than \$300 of unearned income (for example, interest and dividends) and (b) another person can claim you as a dependent on their tax return.

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 adjust your withholding allowances based on itemized deductions, certain credits,

adjustments to income, or two-earner/multiple job situations. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the Personal Allowances Worksheet below. See Pub. 919, How Do I Adjust My Tax.

Withholding. For information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax

payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 919 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 919 for details.

Nonresident alien. If you are a nonresident alien, see the Instructions for Form 9233 before completing this Form W-4.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your projected total tax for 2008. See Pub. 919, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for yourself if no one else can claim you as a dependent. A _____

B Enter "1" if:
 • You are single and have only one job; or
 • You are married, have only one job, and your spouse does not work; or
 • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. B _____

C Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld). C _____

D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return D _____

E Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) E _____

F Enter "1" if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit. (Note. Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.) F _____

G **Child Tax Credit** (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.
 • If your total income will be less than \$68,000 (\$86,000 if married), enter "2" for each eligible child.
 • If your total income will be between \$68,000 and \$84,000 (\$86,000 and \$119,000 if married), enter "1" for each eligible child plus "1" additional if you have 4 or more eligible children. G _____

H Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) ▶ H _____

For accuracy, complete all worksheets that apply.
 • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.
 • If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$40,000 (\$25,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld.
 • If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.

----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

Form **W-4** **Employee's Withholding Allowance Certificate** OMB No. 1545-0074

Department of the Treasury Internal Revenue Service ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS. **2008**

1 Type or print your first name and middle initial. Last name 2 Your social security number

Home address (number and street or rural route) 3 Single Married Married, but withheld at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.

City or town, state, and ZIP code 4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) 5 _____

6 Additional amount, if any, you want withheld from each paycheck 6 \$ _____

7 I claim exemption from withholding for 2008, and I certify that I meet both of the following conditions for exemption.
 • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and
 • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.
 If you meet both conditions, write "Exempt" here. ▶ 7 _____

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature (Form is not valid unless you sign it.) ▶ Date ▶

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.) 9 Office code (optional) 10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 102200 Form W-4 (2008)

FILING STATUS FOR INDIVIDUALS

Single

- Means not married/legally separated on 12/31.

Married filing Jointly (MFJ)

- As of 12/31, two individuals are legally married.

Married filing separate (MFS)

- As of 12/31, means you are married but choose to file separate returns.
- With this status, you lose tax benefits.

Head of Household (HOH)

- Means you are considered unmarried and have qualifying dependents as of 12/31 of the tax year.

Surviving Spouse

- Means your spouse died and you are claiming children.
- This status is available for 2 years after the tax year in which the spouse died.

DEPENDENTS

- You cannot be claimed as a dependent on another tax return.
- Dependents cannot file a joint tax return
- Must be a resident of the U.S., Canada or Mexico.
- That person must be a Qualifying Child or Qualifying Relative

Qualified Child

- Your child, sibling or a descendent of them.
- Live more than 6 months w/ you (**Except: Temporary absence for school or work**)
- The child cannot provide more than 50% of his or her own support
- **Age Limits, in comp. with you (One of these):**
 - ✓ Under 19 years old
 - ✓ Under 24 years old, student
 - ✓ Permanently and totally disabled.

Qualified Relative

- Cannot be your qualifying child or the qualifying child of anyone else.
- Their gross income must be less than \$4,000
- You must provide more than 50% of the support.
- **In relationship to you.:**
 - ✓ Family member
 - ✓ Have lived with you as a member of your household for the year.



FILING YOUR TAXES

- Most common tax form used by individuals are 1040EZ, 1040A, and 1040 (used with Schedule A).
- **Taxable Income:** earned wages/salary, self-employment, unemployment, rents received, interest and dividends.

BENEFITS OF FILING TAXES, EVEN WHEN NOT REQUIRED

- File now, deduct later
- **Refundable Credits:**
 - Overpayment of taxes
 - EITC
 - Child Tax Credit
 - First-time homebuyer credit
- **Protection against:**
 - Future audits and IRS mistakes
 - Tax fraud
 - Identity theft
 - Someone else claiming your dependents
- Easy to claim state credits
- Proof of residency and good moral character for immigration

DO I NEED TO FILE?

Table 1. 2021 Filing Requirements Chart for Most Taxpayers

IF your filing status is...	AND at the end of 2021 you were...*	THEN file a return if your gross income was at least...**
single	under 65	\$12,550
	65 or older	\$14,250
head of household	under 65	\$18,800
	65 or older	\$20,500
married, filing jointly***	under 65 (both spouses)	\$25,100
	65 or older (one spouse)	\$26,450
	65 or older (both spouses)	\$27,800
married, filing separately	any age	\$5
qualifying widow(er)	under 65	\$25,100
	65 or older	\$26,450

* If you were born before January 2, 1957, you're considered to be 65 or older at the end of 2021. (If your spouse died in 2021, see [Death of spouse, later](#). If you're preparing a return for someone who died in 2021, see [Death of taxpayer, later](#).)

** **Gross income** means all income you receive in the form of money, goods, property, and services that isn't exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it). **Don't** include any social security benefits unless (a) you're married filing a separate return and you lived with your spouse at any time during 2021, or (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly). If (a) or (b) applies, see the Form 1040 and 1040-SR instructions to figure the taxable part of social security benefits you must include in gross income. Gross income includes gains, but not losses, reported on Form 8949 or Schedule D. Gross income from a business means, for example, the amount on Schedule C, line 7; or Schedule F, line 9. But in figuring gross income, don't reduce your income by any losses, including any loss on Schedule C, line 7; or Schedule F, line 9.

*** If you didn't live with your spouse at the end of 2021 (or on the date your spouse died) and your gross income was at least \$5, you must file a return regardless of your age.

Source: IRS,2021

- These numbers are based of 2021 IRS filing requirements, Pub. 501 and are different for self-employed individuals. **2021 Update-Adjusted for Inflation.**
- Regardless of legal status- USC/Permanent resident/Undocumented

WHEN TO FILE BY?

April 18th, 2022 IRS y FTB (CA State)

- ▶ Recently updated (IRS 2022-08)
- ▶ If you file after this day, you may have to pay INTEREST & PENALTIES
- ▶ **Need a 6-month extension?**
 - ▶ File IRS Form 4868 before April 18th, 2021
 - ▶ Still subject to interest and penalties on any tax owed to the IRS
 - ▶ **Yet, for the Estimated Tax Payments the deadline remains: April 15th, 2021**

SOURCES OF INCOME

All items listed below qualify as sources of income:

- W2- Wages
- 1099-G- Unemployment
- 1099-INT Interest Income
- 1099 R-Retirement
- 1099 D- Dividends
- 1099 I- Interest (Savings)
- W2-G- Gambling Winning (only)
- Alimony

Usually, before receiving these gross income sources, taxes are deducted from it, and sometimes at the end of the year, with these tax payments made allow to have a bigger refund.

With these types of Self-Employed income below, usually taxes are NOT withheld, so an additional tax agreement with the IRS needs to be made to taxes paid for it or else taxpayer is responsible to pay for this by the end of the year.

- 1099-misc.
- 1099-K-Apps to keep up buy/sell goods & services (Venmo, Zelle, Paypal, Cash App)-Over \$600 (S-E and businesses only)
- Non-employment compensation
- Self-employed
- Independent contractor

Use Form 1040 ES to pay estimated self-employment tax.

UNEMPLOYMENT AND INTEREST INCOME

- **Unemployment is taxable income**, when taxpayers receive this type of income, usually they don't pay the usual state or federal taxes.
- **2021 Update**—No UI income exclusion legislation yet, last year for TY 2021, after signing of American Rescue Plan, taxpayers could exclude up to \$10,200. If they filed taxes before, then the IRS returned the taxes paid back during 2021.
- If the IRS sent selected taxpayers last year, if their 2020 tax return was processed after deadline July 17th, 2021, **interest income**, with all interest and penalties added, to cover for the time waiting for the return during COVID-19 crisis.
- Interest income would be on form 1099-INT and info of this could be found on letter sent by the IRS, and shown account transcript.

TAX CREDIT VS DEDUCTION

- **Credit:** reduces your taxable burden dollar for dollar.
- **Deduction:** reduces your taxable income.

Ex:

Income: \$100 and you pay 10% in taxes or \$10 in taxes.

Deductible-If that same income of \$100, had a tax of \$20 reduces your “income” to \$80. So you are now paying \$8 in taxes.

Credit-With same income of \$100, tax of \$4 reduces your taxes down to \$6 but your “income” stays at \$100.

DEDUCTIONS

- **Standard deduction**-Given to everyone
- **Schedule A deduction**-Expenses must be more than the standard deduction
Ex: Charity donations; large medical and dental expenses; Mortgage interest
- **Self-Employed Deductions**-Business Mileage or vehicle expenses; Home office; Advertising; Licenses; Business Supplies

2021 Update- Deduction amounts were adjusted for inflation, so now they are higher amounts.

CREDITS AT WORK

Refundable-generates a refund even if you have no taxable burden

Made \$1000, \$0 Tax Owed

- You had \$100 in withholdings from your paycheck.
- You receive a refundable credit of \$150. You get all your tax withholdings back + the extra fifty for the full \$150 credit.
- **Total Refund:** \$150

Non-refundable-can only reduce your taxable burden, it cannot generate a refund.

Made \$1000, \$0 Tax Owed

- You had \$100 in withholdings from your paycheck.
- You receive a nonrefundable credit of \$150. Because this is a nonrefundable credit, you only get your \$100 in withholdings back.
- **Total Refund:** \$100

Remember-Credits are source of temporary relief, taxpayer must qualify to be able to use in tax return and be ready to proof of rightful use even years after tax return has been filed and refund given.

COMMON FAMILY TAX CREDITS

- Stimulus Check/ Recovery rebate credit
- Earned Income Tax Credit (EITC)
- Child Tax Credit (CTC)-Advanced CTC
- Credit for Other Dependents (COD)
- Child and dependent care Credit (ODCC)
- Education Credits (American and Lifetime)
- Premium Tax Credit (Health Care)

3rd Economic Impact Payment/ Stimulus Check

- Commonly known as: “recovery rebate credit” when filing your taxes, as Economic impact payment (EIP) for the IRS, and for the Media and public as “stimulus check payment”
- A **Recovery Rebate** is an Advanced Refundable Tax Credit is meant to count against 2021 federal income taxes, so this income **would NOT** be considered a source of gross income/taxable income for 2021.
- Checks will be sent directly by the IRS to address or direct deposit information on file, based on 2020 tax return or if not filed yet, 2019 tax returns, or usually where federal benefit arrives (SSI, VA and Railroad benefit recipients)
- The consideration of how much you will receive on this payment would be based on your Adjusted Gross Income (AGI) reported on your 2019 or 2020 income taxes filed, and other qualifications.



Comparative Table 1st-3rd EIP

	1st EIP	2nd EIP	3rd EIP
Passed on	March 2020	December 2020	March 2021
How Much	\$1,200 per person \$500 per dependent	\$600 per person and dependent	\$1,400 per person and dependent *
Tax Return (s) Considered	2018 & 2019	2019	2019 & 2020
Qualifications	US Citizen and Legal Resident Alien w/ SSN Filed for tax return Meet annual AGI income requirements Not a dependent on another tax return *MFJ exception-(US citizen in military and other no SSN ok)		
		MFJ: US Citizens w/ ITIN spouses OK	
			Dependents: College students- up to 24 years old Adults w/ disabilities & parents
Claim on Tax Return	2020	2020	2021

3rd Economic Impact Payment/ Stimulus Check Qualifications

Qualified

- US Citizen and legal resident aliens
- Filed for 2019 or 2020 tax return
- Meet annual AGI income requirements (\$1-\$150,000)
- Not a dependent in anyone else tax returns
- **Dependents included:** College students up to age 24, adults w/ disabilities, parents (Legal Residents w/ SSN)

Unqualified

- Wealthy (annual AGI income over:
 - \$80,000 for Single
 - \$112,500 for HOH
 - \$160,000 for MFJ
- Non-Resident Aliens working with ITIN
- People with estates & trusts
- Can be claimed as a dependent in another person's tax return

Exception: For MFJ taxpayers, the spouse serving on the Armed Forces needs to have a valid SSN, but not necessarily the other partner. Also, US Citizens w/ ITIN spouse qualifies.

3rd Economic Impact Payment (EIP)/Recovery Rebate Breakdown

Tax Filing Category	Check Amount (Approx.)
Single, with AGI up to \$75,000 Head of Household (HOH), with AGI up to \$112,500	\$1,400
Married Filing Jointly (MFJ), with AGI up to \$150,000	\$2,800 (\$1,400 per person)
Dependents (HOH, MFJ): College Students-24 years old or younger, qualified parents and relatives, w/ disabilities	\$1,400

AGI Limits for Checks

- **Singles-** AGI limit of \$80,000. For those taxpayers with an AGI higher than \$75,000, but under \$80,000, the check amount would be reduced by \$5 for every \$100 of additional AGI income above \$75,000.
 - **Head of Household-** AGI limit of \$112,500. For those taxpayers with an AGI higher than \$112,500, but up to \$120,000, the check amount would be reduced by \$5 for every \$100 of additional AGI income above \$112,500.
 - **Married Filing Jointly-** AGI limit of \$160,000. For those taxpayers with an AGI higher than \$150,000, but up to \$160,000 the check amount would be reduced by \$5 for every \$100 of additional AGI income above \$150,000.
- **3rd EIP can be claimed on 2021 income taxes and will be based on IRS record of 2019 or 2020 income.**
 - **Child Support and other private debtors can still try to reduce this 3rd EIP help, but IRS and banks should always notify you about it.**

Golden State Stimulus I & II (CA only)

- GS-88 was recently signed by Governor Newsom on March 2021, and SB-129 on July 13th, 2021, as part of the State Budget for 2021-2022.
- **Total GSSI Stimulus:** Either \$600 or \$1,200 per qualified EITC taxpayer w/ ITIN or SSN.
- Once 2020 return is processed and accepted by the state, it would take 4-5 weeks to be direct deposited into taxpayer's account or 6-7 weeks if check is mailed.
- As of late June 2021, over 17 million checks hadn't been cashed out, est. amount \$29 Billion dollars.
- Check FTB.gov website for specific delivery timeline.

<https://www.ftb.ca.gov/about-ftb/newsroom/golden-state-stimulus/gss-i.html>

Golden Stimulus I Requirements:

- Have filed your 2020 taxes
- Be either:
 - A CalEITC recipient
 - An ITIN or SSN filer who made \$75,000 or less (total CA AGI)
- Live in California for more than half of the 2020 tax year
- Be a California resident on the date payment is issued
- Cannot be claimed as a dependent by another taxpayer

**Taxpayer's w/ SSN
who also qualify
for Cal EITC
\$600**

OR

**ITIN holders or ITIN
holders that don't
qualify for EITC
and/or earn less
than \$75,000
\$1,200**

Golden State Stimulus I & II (CA only)

The idea is that more people qualify this stimulus check based on wages, regardless of immigration status. Also, for families w/ children, they would receive an additional \$500.

- **Payments for GSSII would start rolling out on September 2021 via direct deposit, then sent out based last 3 digits Zip code:**

Last 3 digits of ZIP code	Mailing timeframes
000-044	10/06/2021 through 10/27/2021
045-220	10/18/2021 through 11/05/2021
221-375	11/1/2021 through 11/19/2021
376-584	11/15/2021 through 12/03/2021
585-719	11/29/2021 through 12/17/2021
720-927	12/13/2021 through 12/31/2021
928-999	12/27/2021 through 1/11/2022

Check out GSSII Estimator: <https://www.ftb.ca.gov/about-ftb/newsroom/golden-state-stimulus/gss-ii-estimator.html>

Golden State Stimulus II requirements

- File your 2020 taxes by October 15, 2021
- Have a California Adjusted Gross Income (CA AGI) of \$1 to \$75,000 for the 2020 tax year. For this information refer to: Line 17 on Form 540 or Line 16 on Form 540 2EZ
- Have wages of \$0 to \$75,000 for the 2020 tax year (No SSI income ONLY)
- Be a California resident for more than half of the 2020 tax year and on the date payment is issued
- Cannot be claimed as a dependent by another taxpayer, must have credit of at least 1 on tax return.

Taxpayers w/ SSN that
meet requirements
\$500

OR

Taxpayers w/ ITIN
meet requirements
\$1,000

Prep for 2021 taxes-EIP & GSSI-II

- Starting on January 2022, **IRS will send Letter 6475** to all 3rd EIP recipients who should have gotten an EIP of \$1,400 from March-December 2021.
- Unlike the previous letters sent and signed by the former President weeks after receiving the 1st and 2nd EIP, this 6475 letter will be required, so DO NOT throw this letter away!!!
- If you didn't get the 3rd EIP or received a partial EIP –
Claim remaining EIP on 2021 tax return (Form 1040)
- **GSSI-II**-Similar thing as 3rd EIP, although no letter would be sent. For any CA stimulus not received after deadline–

Call (800) 852-5711, Mon-Friday 8-5PM after 3 weeks no rec'd.

The image shows a portion of an IRS letter. At the top left is the IRS logo and the text "Department of the Treasury Internal Revenue Service Austin, TX 73301-0003". To the right, there are fields for "Date:", "For assistance, call: 800-919-9835", and "Or visit: IRS.gov/eip". Below this is a large blue box for the recipient's name and address, with labels "[Recipient name]", "[Address line 1]", "[Address line 2]", and "[Address line 3]". In the center, it says "Your 2021 Economic Impact Payment(s) Keep this information with your tax records." Below that, under "Why you received this letter.", it states "Under the American Rescue Plan, the Internal Revenue Service (IRS) issued you 2021 Economic Impact Payment(s) for the following total amount:". A table shows "Total 2021 Economic Impact Payment(s)" with a value of "\$1,400" in a black box. Under "What do you need to do?", it explains that the payment is not taxable and that the total amount is needed to determine eligibility for the Recovery Rebate Credit. At the bottom, it provides contact information under "How can you get more information?".

EARNED INCOME TAX CREDIT (EITC)

- This is a refundable credit low-income working taxpayers and families with an adjusted gross income below a certain level.
- Credit is based on income and the number of children in the household.

Basic Qualifications

- Taxpayer must have earned income (W2, MISC 1099, Self-Employment)
- All individuals including the Taxpayer must have a Social Security number.
- Not available for married filing separately status
- As of 2020, taxpayer must have earned income and adjusted gross income within certain limits AND meet certain basic rules AND meet rules without qualifying child or have a child that meets all qualifying child rules for you (or spouse w/ joint return).
- Also, taxpayer w/ spouse for joint return must have lived in the US for more than half of the year, cannot be claimed as dependent or qualifying child on anyone else's return and be at least 25 years to 65 years old at the end of tax year.

Qualified Dependent

- Must be your child or a blood relative
- Taxpayer's dependent must meet age requirements, can be disabled.
- Lived with you for more than half the year
- Cannot be claimed by another Taxpayer

EITC UPDATES (COVID-19-FEDERAL & STATE)

- **Benefit age range increased:** 19 years old or older, more categories included (elder, foster and homeless youth included).
- Maximum amount increased to \$1,502.
- For the 2021 tax year, you can also use your 2019 income, if it's higher than your 2021 income but less than the EITC maximum income to calculate your benefit.

CAL EITC

- Must qualify for the program at the Federal level.
- Needs to have SSN or ITIN
- Lived in CA for half of the year
- Not available for MFS status or **RDP (registered Domestic Partner)**.
- The EITC phases out at \$30,000 AGI.

EITC QUALIFIERS (2021)

No Dependent Children

Meet basic qualifications: Earned income, residency and work qualification (valid SSN)

Annual AGI must be:

- Single-\$21,430 or less
- Married Filing Jointly (MFJ)-\$27,380 or less

Specific Age requirements:

- Foster and Homeless Youth- 18 years old or older, regardless of school enrollment
- College students (part-time at least)-
24 years old or older
- Workers 65 years old or older-eligible now 😊

With Dependent Children

Meet basic qualifications: Earned income, residency and work qualification (valid SSN)

Your child must meet the relationship, age, residency, and joint return tests.

Your qualifying child can't be used by more than one person to claim the EIC, nor taxpayer can be a qualified child in another tax return.

Maximum limits

Family w/ 1 child: Up to \$3,618

Family w/ 2 children: Up to \$5,980

Family w/ 3 or more qualifying children: Up to \$6,728

KEY EITC TABLE

**IT'S YOUR MONEY
GET IT!**
EMPLOYER INCENTIVE CREDIT

Number of qualifying children	California maximum income	CaEITC (up to)	IRS max income (single, head of hshld, widowed)	IRS max income (married filing jointly)	IRS EITC (up to)
None	\$30,000	\$255	\$21,430	\$27,380	\$1,502
1	\$30,000	\$1,698	\$42,158	\$48,108	\$3,618
2	\$30,000	\$2,809	\$47,915	\$53,865	\$5,980
3 or more	\$30,000	\$3,160	\$51,464	\$57,414	\$6,728

Source: FTB 2021

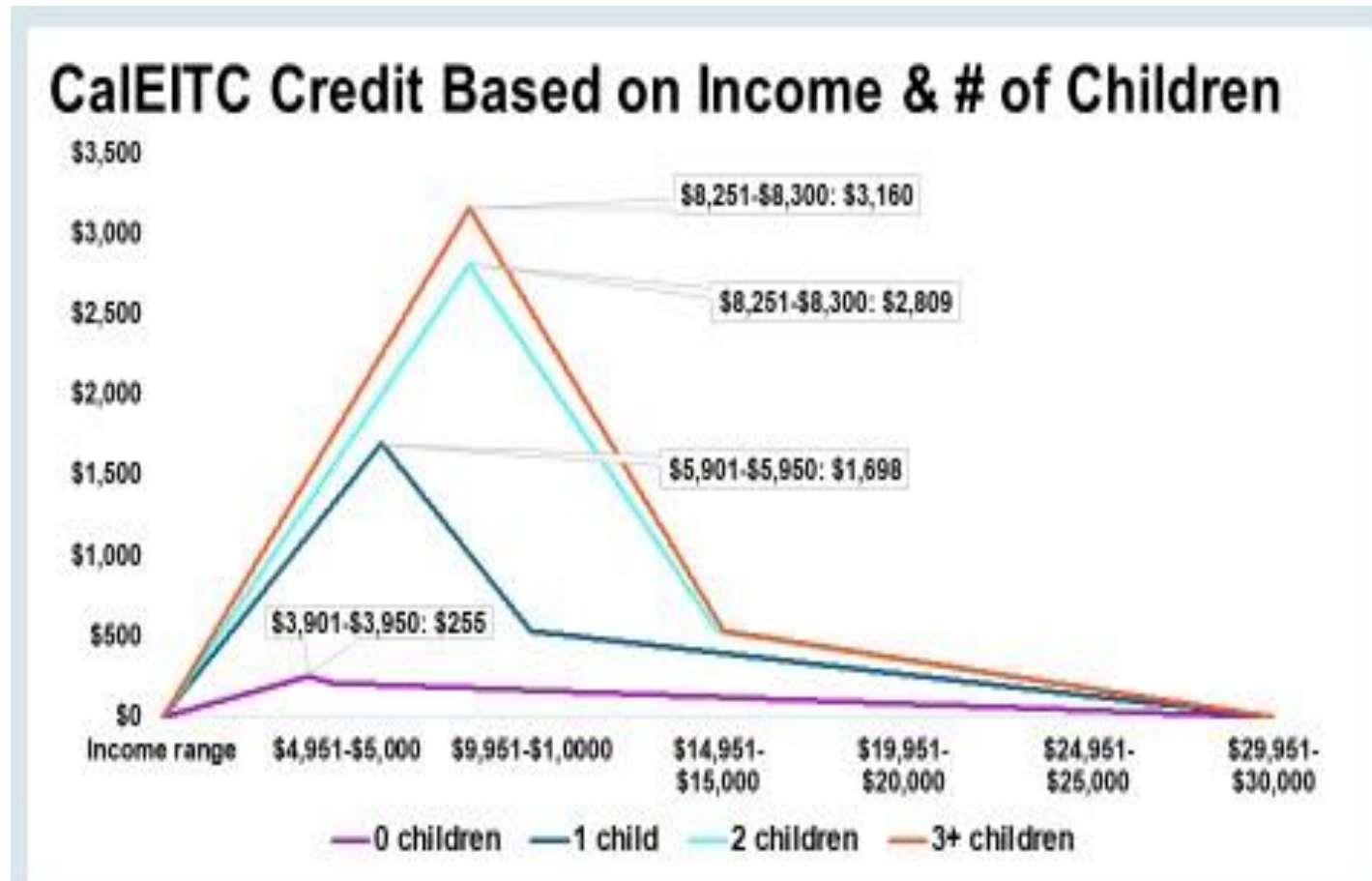
Maximum
Income Levels
(State)

EITC Credit
(State)

Maximum Income
Levels per Filing
Status (Federal)

EITC Credit
(Federal)

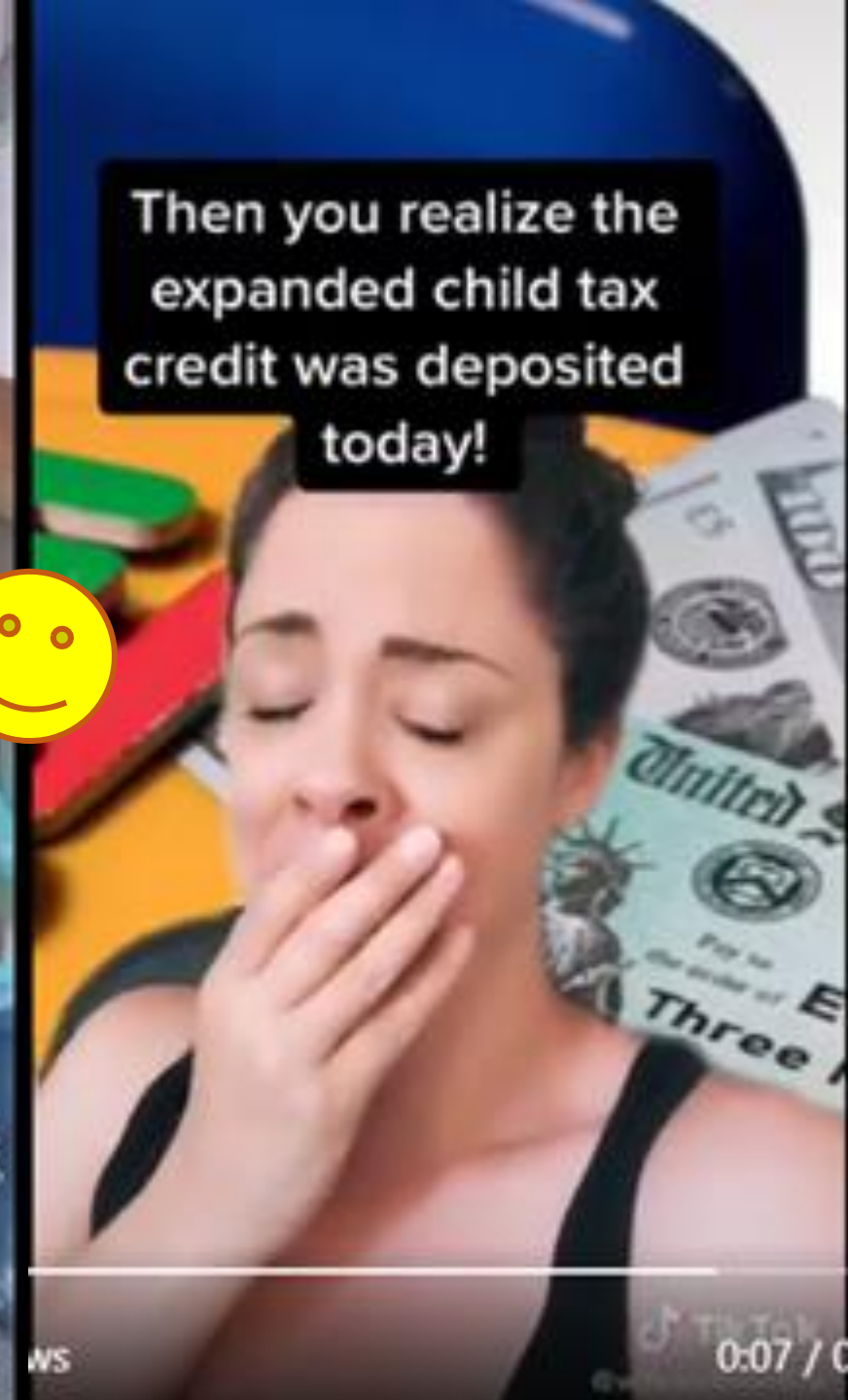
KEY EITC GRAPH



Source: FTB 2021

Advanced #Child TaxCredit 2021

Source: [“The child tax credit is blowing up on TikTok. That should tell lawmakers something,”](#) Vox 2021



CTC Interesting Facts

- Federal government invested \$116 Billion dollars help financially struggling parents who have been greatly affected by COVID-19 negative effects about 83 million children will greatly benefit from this help (ITEP 2021), w/ 4.1 million children being lifted out of poverty levels (CBPP 2021).
- Families with younger children will benefit slightly more. Over 90% of families with children will receive under the expanded credit on average \$4,380 (Tax Policy Center)
- Although is a higher amount to claim than the usual CTC amount as of TY 2020 (\$2,000), it is important to note that 50% of this was available sooner as a response to use to help counteract with COVID-19 negative financial effects, so rather than wait a tax year to make the claim.
- Big possibility that this CTC payment for parents might continue until 2025, but it will depend on the how much the economic level of families improves overtime.

CTC Implementation

- In addition to \$1,400 per qualified dependent, the parents of children up to 17 years old would have 1 out of 2 choices: 1) Receive their 2021 Advanced Child Tax Credit w/ 50% given in 6-monthly payments from July-December 2020 and the other 50% can be claimed in their 2021 tax return or 2) choose to claim the full CTC credit on 2021 tax return.
- **The maximum amount per qualifying child is either all or remaining \$3,000 (0-5 years old) or \$3,600 (6-17 years old) for the parents that qualified for Advanced CTC, based on income and residency qualifications.**
- **Parents that didn't qualify for Advanced CTC-**The maximum amount per qualifying child is \$2,000. Up to \$1,400 of the credit can be refundable for each qualifying child as the Additional Child Tax Credit
- Taxpayers must have SSN or ITIN before doing return. Your qualifying child must have a SSN issued by the Social Security Administration before the due date of your tax return (including extensions) to be claimed as a qualifying child for the Child Tax Credit or Additional Child Tax Credit.
- **CTC Phase out limit:** AGI of \$200,000 for Single Filers and \$400,000 for MFJ parents, so relief would be available only for parents whose AGI falls below these limits.
- For higher earnings parents, CTC will remain at current levels \$2,000, where **Non-Custodial Parent needs to file 8832-Dependent Child form** in order to claim dependents, and so that it makes it clear to the IRS on who should rightfully receive this credit.
- **Form 8332** is the **form** custodial **parents** can use to release their right to **claim** a **child** as a **dependent** to the **noncustodial parent**.

CTC Partial Reimbursement to Parents

For Children 0-5 years old

Option 1

Option 2

1

Monthly Distribution
Amounts (July-Dec 2021)

OR

2

\$3,600

\$1,800

(50%)

\$300 ✓

\$300 ✓

\$300 ✓

\$300 ✓

\$300 ✓

\$300 ✓

\$1,800

(50%)

Can claim as CTC on 2021 Tax
Return

Claim full \$3,600
on 2021 Tax
Return

2

CTC Partial Reimbursement to Parents

For Children 6-17 years old

Option 1

1

Monthly Distribution
Amounts (July-Dec 2020)

OR

Option 2

2

\$3,000

\$1,500
(50%)

\$250 ✓

\$250 ✓

\$250 ✓

\$250 ✓

\$250 ✓

\$250 ✓

\$1,500
(50%)

Can claim as CTC on 2021 Tax
Return

Claim full \$3,000
on 2021 Tax
Return

2

Advanced CTC Options to pay

- IRS would be flexible with payment arrangements available to pay off debt, and if these payments are useful to you, take advantage of this 😊!
- Eligible parents get to keep remainder of Advanced CTC 😊, as it is fully refundable!

Comparison 2020 vs 2021 Advanced CTC Example-Refundability

Ex. \$600 refundable CTC and if you had a \$200 tax liability

2020-Liability would be paid off, but you will not get \$400 in return

2021-Liability would be paid off, and you would receive \$400 in return

- **Safe Harbor amounts-** For Single taxpayers earning income of \$40,000 or less or MFJ \$60,000 or less, they would NOT have to repay back this amount.

Prep for 2021 Taxes-Advanced CTC

- **Parents would receive IRS Letter 6419**, tell you in detail how much Advanced CTC has been delivered in 2021, and much of that credit is left to claim.
- Since these letters are based on TY 2019 and 2020 tax returns, parents need to verify form for accuracy and make changes <https://www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021> before filing the 2021 tax return, otherwise you will NOT be able to claim any credits accurately on 2021 tax return.
- Expect delays in the tax process this year: filing an amended return or claiming Earned Income Tax Credit (EITC) or CTC.
- **For affected parents** ☹️-Time is golden, so make sure you file your tax return ASAP and claim the whole credit.



Department of the Treasury
Internal Revenue Service
[Operating Division/Program Name]
Austin, TX 73301-1501

Date: []
Contact Number:
800-908-4184

[Recipient name]
[Address line 1]
[Address line 2]
[Address line 3]

2021 Total Advance Child Tax Credit (AdvCTC) Payments	
Keep this important tax information. You need it to prepare your 2021 income tax return.	
Box 1. Aggregate amount of AdvCTC payments you received for 2021. Enter this amount on Schedule 8812, line 14f or line 15e, whichever applies. If you file a joint return for tax year 2021, you must add the amounts in Box 1 from both Letters 6419 and enter the total amount on Schedule 8812.	CTC received
Box 2. Number of qualifying children taken into account in determining the A See Schedule 8812 instructions if you complete Part III, Additional Tax.	# of Dependents

Why you received this letter

Under the American Rescue Plan, the IRS made monthly AdvCTC payments as part of your 2021 Child Tax Credit from July through December to help support families raising children.

- If you're eligible for the credit, file Schedule 8812 with your 2021 income tax return to claim your remaining credit (for a total amount of up to \$3,600 per child under age 6 and \$3,000 per child age 6 through 17).
- If you aren't eligible for the credit, file Schedule 8812 to determine if you must pay back some or all the monthly payments you received in 2021 and if you qualify for **repayment protection** (discussed below).

How the IRS determined your payment amounts

Monthly payment amounts were initially based on information from an income tax return you filed or information you entered in the *IRS non-filer sign-up* tool in 2020 or 2021. Your monthly payment amount or how or where the IRS paid your payment may have changed based on information you provided the IRS through your 2020 income tax return if the IRS processed it after June, the Child Tax Credit Update Portal, or the dedicated IRS Child Tax Credit phone line. Review each monthly payment, including any changes, at [IRS.gov/ctcportal](https://www.irs.gov/ctcportal), and click "Manage Advance Payments." If you did not receive one or more payments, contact the IRS at 800-908-4184 before filing your return.

Repayment protection calculated as part of Schedule 8812, Part III

You may not have to repay in full any AdvCTC payments that took into account more qualifying children (Box 2 above) than you claim on your 2021 income tax return. The repayment protection is based on your 2021 modified adjusted gross income (MAGI). You will not have to repay any AdvCTC payments for non-qualifying children if your 2021 MAGI is under:

- **\$60,000** if you are married and filing a joint return or if filing as a qualifying widow or widower.
- **\$50,000** if you are filing as head of household.
- **\$40,000** if you are a single filer or are married and filing a separate return.

For more information

- For more information about completing Schedule 8812, visit [IRS.gov/Schedule8812](https://www.irs.gov/Schedule8812).
- For more information about the 2021 Child Tax Credit, visit [IRS.gov/advctc](https://www.irs.gov/advctc). This page also includes a link to frequently asked questions and answers about the advance Child Tax Credit payments.

CREDIT FOR OTHER DEPENDENTS (COD)

- ▶ .This credit is for individuals with a dependent who meets additional conditions, in addition to the credit for child and dependent care expenses and the earned income credit.
- ▶ The maximum amount you can claim for the credit is \$500 for each dependent who qualifies for the ODC.

Qualifications:

- 1) Person is claimed as dependent on return
- 2) Cannot be used to claim the CTC or ATC
- 3) The person was a U.S. citizen, U.S. national, or U.S. resident alien

CHILD AND DEPENDENT CARE CREDIT (CDCC)

Child and Dependent Care Credit (CDCC) is designed to help working parents offset the cost of daycare, after school programs and summer camps, needs to meet qualifications for it, allowed since 1970's and usually parents could claim up to 35% of child-care expenses.

Qualifications for CDCC for parents working/looking for work: 1) **Individual-child** under 13 years of age and spouse/dependent who cannot take care of him/herself and lives w/ you for 6 months or more in tax year

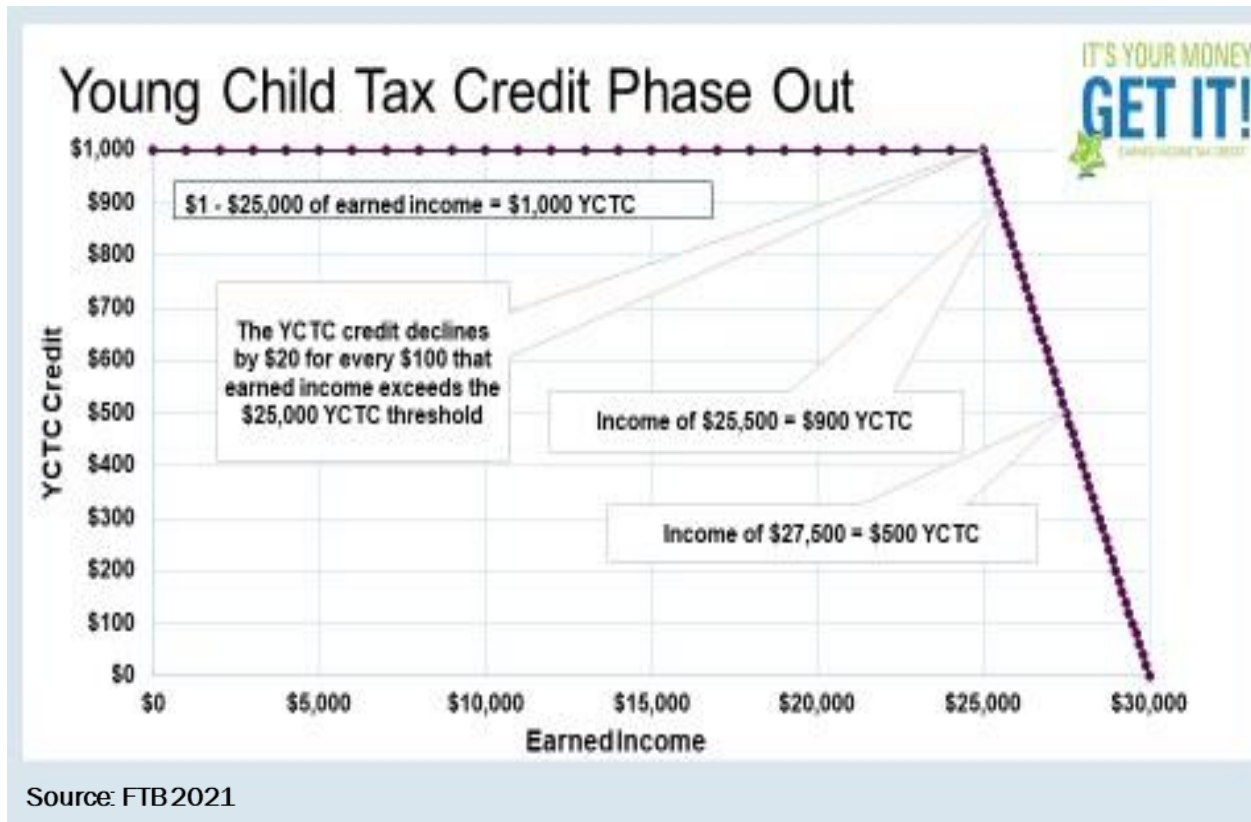
2) **Place of Care**-inside/outside home w/ nannies, daycare centers w/ valid SSN/EIN, day camps, before and after school programs and person not your relative (**dependents and spouse DOES NOT qualify**)

For 2021 ONLY

- **Parents w/ 1 children**-claim up to 50% of child-care expenses up to \$8,000 that would give them in return \$4,000 refundable credit. (Prior credit before ARP \$1,050)
- **Parents w/ 2 children**-claim up to 50% of child-care expenses up to \$16,000 that would give them in return \$8,000 refundable credit. (Prior credit before ARP \$2,100)
- **Income limitations**-percentage is reduced by 1 percentage point for every \$2,000 of adjusted gross income for people earning more than \$125,000. Families earning more than \$183,000 are capped at taking 20% of their childcare expenses. But the credit is phase- out for families earning more than \$428,000.

CTC (COVID-19-STATE)

- Individual or person that qualifies for CALEITC and has at least 1 child eligible for YCTC, w/ SSN or ITIN.
- Up to \$1000 credit
- As income rises, this YCTC credit decreases.



EDUCATION CREDITS

- **American Opportunity**: first four years of college.
- **Lifetime Learning Credit**: any student, any age.

Ex: Tuition fees and deductions includes books, mandatory supplies, room and board and other necessary expenses.

REFUNDS

- With direct deposit into a checking or savings account a refund could be as little as 7-10 days, usually takes 21 days to process.
- This year, refunds with EITC, CTC and YCTC are delayed, so most of them would be given at the beginning of March.

2022 IRS Tax Refund Calendar		
Date Accepted	Direct Deposit Sent	Paper Check Mailed
Jan 24 - Jan 29, 2022	Feb 18, 2022	Feb 25, 2022
Jan 30 - Feb 5, 2022	Feb 25, 2022	Mar 4, 2022
Feb 6 - Feb 12, 2022	Mar 4, 2022	Mar 11, 2022
Feb 13 - Feb 19, 2022	Mar 11, 2022	Mar 18, 2022
Feb 20 - Feb 26, 2022	Mar 18, 2022	Mar 25, 2022
Feb 27 - Mar 5, 2022	Mar 25, 2022	Apr 1, 2022
Mar 6 - Mar 12, 2022	Apr 1, 2022	Apr 8, 2022
Mar 13 - Mar 19, 2022	Apr 8, 2022	April 15, 2022
Mar 20 - Mar 26, 2022	Apr 15, 2022	Apr 22, 2022
Mar 27 - Apr 2, 2022	Apr 22, 2022	Apr 29, 2022
Apr 3 - Apr 9, 2022	Apr 29, 2022	May 6, 2022
Apr 10 - Apr 16, 2022	May 6, 2022	May 13, 2022
Apr 17 - Apr 23, 2022	May 13, 2022	May 20, 2022

WHAT IF YOU OWE TAXES?

- ▶ Must pay by filing deadline- **April 18th, 2022**
- ▶ Payment options:
 - ▶ Money order, personal check made out to Treasury Department. Include SSN.
 - ▶ Direct withdrawal from bank account. You can designate the day.
 - ▶ Credit / Debit Card: pay.gov

Other options to pay back IRS

- ▶ **Installment Agreements (IA,IP)**-Easiest to set up, call to IRS and commit to pay debt S-T (6 months or less) or L-T (Over 6 months). Fill out form 9465
- ▶ **Offer in Compromise (OIC)**-Apply to pay an amount less than what you owe - based on an inability to pay. This must be proved under penalty of perjury and with supporting financial documentation. Requires a commitment file and pay any tax 5 consecutive years. If TP doesn't follow up with this requirement, then debt will come back
- ▶ **Currently not Collectible (CNC)**-Apply for collection relief, IRS will pause debt if approved, Interest and penalties continue to accrue. 10 years after assessment (certain caveats apply), debt will no longer be collectible (always refer to www.irs.gov for FAQs)
- ▶ **Declare Bankruptcy**

Fraud & Stimulus Issues

- Remember, that IRS and FTB will always contact you via MAIL first, and they would tell you the issue that they have with your tax return, payment or stimulus.
- Also, make sure on tax return, you use your own bank account for direct deposit, and not tax preparers or company. Tax preparer needs PTIN and also put his name on the return.
- No one should threaten or use pre-recorded calls to get tax information from you.
- If a scammer tries to contact you pretending, they are from these agencies (IRS or FTB) either over the phone or social media and offers to get the 3rd EIP, Advanced CTC or any other stimulus in exchange of gift cards, wire transfers or cryptocurrency, hang up or ignore letter/post and contact the agencies on your own to check status of these. Can also report to the FTC.
- Become familiarized with own tax return, and also keep up with the latest news about these stimulus, Do your own research 😊!

Important Contact Info

File Taxes

Dial 211

- Check out United Way of San Diego Website - www.uwsd.org

Dreams for Change (Selected Mall locations)

Dial 211, Kearney Mesa location ONLY

Interfaith Community Services (North County)

(760) 489-6380

South Bay Community Services

(619) 420-3620

International Rescue Committee

Virtual Appts. Only, Email: HayderAlmodares@rescue.org

Tax Issues

Legal Aid Society of San Diego, Inc.

1-877-534-2524

IRS Taxpayer Assistance Center

880 Front St., San Diego, CA 92101

- (Must have picture ID)
- By appointment only, please call: 844-545-5640

Taxpayer Advocate Service

1-877-ASK-TAS1

Refunds & EIP

IRS Returns Help Line

1 (800) 829-1040

IRS EIP Help

1 (800) 919-9835

FTB GSSI-II Help

1 (800) 852-5711

IF FILING YOUR TAXES ONLINE...



- Different online and fillable forms to use depending on your baseline income of \$73,000 or less
- Tools to calculate your EITC and CTC.
- Have reliable email, sources of income (ie. W2, 1099), expenses, direct deposit, and 2018 return for guidance.
- The fillable forms don't have state returns forms available; you must get at Franchise Tax Board website.
- Not the most recommended website, some providers do not provide federal and state returns, or it might seem complicated to use. They have made improvements overtime.



Cash App Taxes

- Great tool to do simple your federal and state returns on your own.
- This website partners up with H&R Block free software to make sure that you have confidence in your returns.
- You can chat or call representatives in English and Spanish, as you are doing the return.
- Highly recommended website, as it has plenty of user-friendly features for the average consumer.

Filing your tax returns is your responsibility ALWAYS, whether filing with the aid of a preparer or on your own, so make sure that you understand the components of it.

Online features should continuously say FREE as they are being used

FINAL THOUGHTS

- **About future Stimulus check/Advanced CTC-** A lot of Congressional and social support for these programs, yet there needs to be formal legislation for it, just like the American Rescue plan or previous acts. At the State level, there is a 2021 budget surplus again 😊, a proposed bill and Gov. Newsom support, so bigger possibility for GSSIII.
- Remember, since 2020 govt. have been implementing policies in response to COVID-19 effects on population, but these economic relief tax credits are temporary in nature.
- Questions or Concerns?
- Next Webinars about Filing Season 2022

In Collaboration w/ San Diego Law Library and San Diego Public Library:

Monday Feb. 28th, 2022 and April 4th, 2022 (12-1PM PST)

See Eventbrite/YMCA/LASSD for more details

Thank You!