

Federal and State Tax Credits Can Return Dollars to Low-Income Michigan Households

Low-income taxpayers can benefit from a variety of federal and state tax credits, all of which can help to reduce taxes owed or provide refunds to the taxpayer. These credits can significantly increase the financial resources available to low-income households—many of whom struggle to make ends meet.

The federal tax credits include the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), the Child and Dependent Care Credit and the American Opportunity Tax Credit. Michigan tax credits include the state Earned Income Tax Credit, the Home Heating Credit and the Michigan Homestead Property Credit. Some of these credits are available to individuals who are exempt from filing requirements. In addition, some credits are retroactive and can be claimed after the income tax filing deadline of April 17.

The assistance provided through these tax credits can make a difference in the lives of low-income families. Low-income tax filers should not use expensive rapid-refund services that diminish the size of their refund. Free and ethical taxpayer assistance is available in most communities.

Taxpayers who receive the federal EITC or the refundable component of the CTC should note that the IRS will not issue refunds until mid-February. No one can get you your refund faster, and do not be taken advantage of by organizations promising quicker refunds or offering checks or loans in anticipation of your refund.

The Michigan Economic Impact Coalition has established a website, www.michiganfreetaxhelp.org, to help tax filers find out more about the federal Earned Income Tax Credit and whether they qualify. Filers and volunteers can also find out about free Volunteer Income Tax Preparation (VITA) sites in their communities by going to the website or by calling 2-1-1.

Low-Income Families Can Get Relief With Home Heating Expenses

Michigan families and individuals face high home heating expenses every winter. These costs especially harm low-income working families who may be forced to forgo other necessities in order to pay their monthly heat bills. Many of these families have young children who are particularly impacted by the financial strain arising from monthly energy costs.

To help offset some of these expenses, the state provides a Home Heating Credit to Michigan residents. Homeowners and renters can receive the credit even if they do not owe any Michigan income tax and do not file an income tax form for 2017. (The form used to claim the credit, Form MI-1040CR-7, is separate from the Michigan income tax form.)

Residents who pay their heating bills themselves get the credit in the form of an energy voucher, which must then be sent to their heat provider. Renters who have heat included in the rent receive a check for half of their credit amount, while recipients of the Family Independence Program have their credit sent directly to the heat provider.

Unlike most tax credits, which need to be claimed on tax forms filed before April 17, the Home Heating Credit can be filed as late as September 30, 2018. Filers can also find out where to receive assistance at www.michiganfreetaxhelp.org or by calling 2-1-1.