

The Daily Transcript

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PERSPECTIVE

We're all missing out on a tax refund

By Sean Karafin

It's tax season, and many working people put off or avoid filing returns every year. They fear they owe money or the filing process is intimidating or confusing. Even when returns ultimately get filed, many who are eligible, and need it the most, are missing out on the opportunity to put money back in their wallets through the Earned-Income Tax Credit, or EITC.

Nationwide, they are unknowingly leaving billions of dollars unclaimed. This is money that should be in their pockets, and then spent on necessary goods and services. Yet, we're allowing our family members, employees, and others to leave money on the table. This is a costly yet common mistake that has a real impact — on our friends and neighbors, and on our economy.

It's particularly unfortunate because the EITC has not only been proven to efficient-

ly get dollars to the people who need it most. It also helps to lift people out of poverty. The reason something as simple as a tax credit is so effective at reducing poverty is because it is targeted and creates incentives to gain work experience. It is no surprise that work experience helps people succeed.

Since the last tax season, the San Diego Regional Chamber of Commerce and others helped to create a California EITC in addition to the federal version. The California EITC has the potential to bring an additional \$400 million into our economy. Those dollars could be creating opportunity for businesses and job seekers right here in

San Diego.

But the EITC doesn't help people who don't know to claim it. Lower-income Californians have left as much as \$1.8 billion in federal earned-income credits unclaimed each year. These are dollars that aren't lifting anyone out of poverty and aren't being spent locally.

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So now we're asking you. I'm willing to bet you, or someone you know, is directly missing out on a refund. It may be a family member or a friend. It may be someone who works with or for you. Encourage them to claim the credit. It's meant for them, and it can be significant. Information on eligibility and filing can be found online at caleitc4me.org.

Here are the numbers: In order to be eligible for an EITC, a worker with a family can make nearly \$48,000 and still qualify. It is, however, single filers without children who are believed to more commonly leave the credit unclaimed. Single filers are eligible if they make less than \$14,820 in annual income, so many part-time workers qualify. Eligible filers can claim as much as \$8,895 in earned-income tax credits.

The California EITC is available for the first time this tax season and the Chamber is proud to have helped create it. There are many hard working people and families who stand to benefit. We know it will be effective at breaking the cycle of poverty by incentivizing work. We know it will be good for our businesses and will create opportunity. The new State credit makes it even more important to remind workers that these refunds are available for their families.

Sean Karafin is executive director of policy and economic research at the San Diego Regional Chamber of Commerce.