

Advocates concerned low-income taxpayers could “leave money on the table”

Filing taxes the first step to claim pandemic related benefits

Tax advocates are encouraging low-income Ohioans to file a tax return this year, even if they are not required to file.

Dana Goldstein, attorney with Community Legal Aid, pointed out that these individuals may qualify for pandemic related benefits they have not yet received.

Goldstein explained that filing a tax return is the first step in recovering these benefits, including the expanded Child Tax Credit (CTC), the expanded Earned Income Tax Credit (EITC), or missing stimulus payments.

Many low-wage workers are not required to file tax returns, according to the federal tax code. This is because they earn so little that they don't qualify for a taxable income bracket.

“Our concern is that some of our most vulnerable residents will leave their money on the table, so to speak, because they aren't required to file a tax return, so they typically don't,” Goldstein said, adding that the boost in income can be a game-changer given the rising cost of living.

Approximately 1.25 million Ohioans benefited from the advanced payments of the CTC, helping them maintain housing and cover expenses during the pandemic. Goldstein wants these families to know that the advanced payments account for only half of the money available from the credit.

“Parents and caregivers with eligible dependents must file a 2021 tax return, even if there is no earned income to report, to claim the additional benefit,” she shared.

Goldstein added that parents who had a child in 2021 also will need to file taxes to claim the credit and get the entire payment.

In addition to the expanded CTC, the American Rescue Plan modified the EITC for low-wage adults without children or dependents. This credit now is available to employees as young as 19 years old and extends to workers over the age of 65.

“What is worrisome is that these workers may not be used to filing a return, but if they don’t, they’ll miss out on this benefit, which could be as much as \$1,500,” Goldstein explained. “For someone earning less than \$12,500 a year, that’s a lot of money that could go a long way to providing necessities like food, housing, and medication or doctors’ bills.”

Goldstein mentioned that tax credits are not the only reason to file a tax return. For Ohioans who did not receive the full amount of economic impact payments (commonly called stimulus payments), filing a tax return is the first step to get that money.

Goldstein recommended using an IRS certified tax preparer to ensure an accurate return and avoid fraud. Free tax preparation is available through the Volunteer Income Tax Assistance (VITA) program for income eligible individuals. VITA services can be found by calling (800) 906-9877 or by visiting irs.treasury.gov/freetaxprep.

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