

## FAMILY FOCUS COLUMN

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### Free Tax Services

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Free tax preparation services will be available in southwest Iowa for low and moderate income families as part of the Volunteer Income Tax Assistance (VITA) Program sponsored by the Southwest Iowa Making Connections program. For more information or to make an appointment call after January 18<sup>th</sup> to 1-877-256-0801.

Residents in Harrison, Shelby, Audubon, Rural Pottawattamie, Cass, Mills, Montgomery, Fremont, Page, and Taylor Counties are eligible to participate. Depending on the demand for services specific tax sites could be available in Logan, Mo. Valley, Harlan, Atlantic, Glenwood, Red Oak, Shenandoah, and Clarinda.

Services will be provided by IRS trained volunteers who will utilize the Tax Wise software to complete returns. Only basic Federal and Iowa returns will be processed including Forms 1040, 1040A, and 1040EZ. Most returns will be electronically filed and to speed up the return process participants are encouraged to have a savings or bank account, although it is not required.

Spaces and times are limited, available on a first come, first serve basis and are open to low and moderate income families. For example, yearly income should be less than \$32,000 for a family of 3, less than \$38,000 for a family of 4, less than \$44,000 for a family of 5, etc.

Low and moderate income families are encouraged to take advantage of these free tax services and not be tempted by advertisements for "fast cash refunds," "express money," or "instant refunds," that offer a refund in a just or day or two or on the spot. Most of these offers are really loans; Refund Anticipation Loans (RAL) where you borrow against your own tax refund money. RAL's are expensive with loan fees ranging from \$30 to \$90, which translates into an Annual Percentage Rate (APR) of 60% to 700%.

Here how it works. For a tax refund of \$2000, you might pay \$75 as a RAL loan fee, \$40 for an electronic filing fee, and \$100 for tax preparation. This totals \$215 or over 10% of the tax refund which could translate into an APR of 142%.

So to save at tax time take advantage of free tax preparation services such as the Volunteer Income Tax Assistance (VITA) Program. In southwest Iowa the Making Connections program is sponsoring VITA sites in cooperation with the

Internal Revenue Service, AARP, Boost4Families, ISU Extension, Iowa Dept of Human Services, West Central Development Corporation, Golden Hills Resource Conservation and Development, and Southwest Iowa Families, Inc. Financial support is provided by the Institute for Social and Economic Development and the Annie E. Casey Foundation.