



OFFICE OF THE GOVERNOR

NEWS

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FOR IMMEDIATE RELEASE:

January 22, 2009

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State Offers Illinois Families Extra Help During Tax Season

*Working families have more options for tax preparation
and EITC eligibility assistance*

CHICAGO – Governor Rod R. Blagojevich today urged Illinois families struggling in this slow economy to take advantage of tax preparation assistance and the easy filing options available at www.tax.illinois.gov. Working together, the Illinois Departments of Revenue (IDOR), Human Services (IDHS) and Financial and Professional Regulation (IDFPR) are offering an array of services to help Illinoisans file their taxes and get their whole refund quickly.

“By filing their state taxes electronically, working families can get their entire refund fast and free and avoid the cost of refund anticipation loans (RALs) offered by commercial tax preparation companies. With many families scraping to get by during this national recession, I am pleased that the State offers services to help more Illinoisans file their returns for free,” said Governor Rod R. Blagojevich.

Many can file their federal taxes online for free; information about filing federal taxes on-line can be found at www.irs.gov.

“Every tax season we see people being urged to purchase expensive tax software or go to one of the large tax preparation firms to file their taxes and take out refund anticipation loans to get their money more quickly. Illinois’ WebFile program is free and refunds can be deposited directly into a family’s bank account to avoid the cost of cashing the refund check,” said Director Brian Hamer, Illinois Department of Revenue.

Through a partnership between IDHS and non-profit tax assistance centers across the state, many working families who are uncomfortable preparing and filing their returns electronically on their own, can receive free tax preparation assistance and e-filing at tax assistance centers.

“This year, more working families are likely to benefit from the Earned Income Tax Credit (EITC), the major federal benefit for low and moderate-income families,” said IDHS Secretary Carol Adams. “For many households, these benefits are critical to rising out of poverty and making the transition from dependency to self-sufficiency.”

Families raising two or more children in their home could get up to \$4,824 from the federal EITC. Illinois residents who claim the federal EITC may also get a state EITC which can save them up to \$241. Together, these benefits put money back into the pockets of Illinois’ working families.

IDHS is reaching out to the people it serves, as well as those who have left the agency’s programs for jobs and encouraging these individuals to take advantage of the EITC and free tax counseling provided by the Tax Counseling Project and the Tax Assistance Program, funded in part by IDHS. The Tax Counseling Project trains volunteers to provide free tax services to families and individuals at 13 locations in Chicago and 20 other sites throughout Illinois. The services are provided free of charge to families with incomes less than \$45,000 and to individuals with incomes under \$20,000. Most sites will open on January 24 and provide services through April 15.

“Tax time is ‘the time’ for families to get ahead thanks to tax credits like the EITC. Our professional tax services help low-wage families claim these credits that keep their heads above water while introducing them to financial opportunities that can help them become more secure,” said David Marzahl, Executive Director of the Center for Economic Progress. “Thanks to our trained and certified volunteer work force, we hope to assist more than 32,000 families this year.”

Marzahl pointed to the example of Esperanza, a woman from Chicago, who said: “When I came to the Center, I didn’t know I was eligible for the Earned Income Tax Credit. They helped me claim it and that money made a huge difference in my life. I used it to start saving for a house and helped pay my mother’s healthcare expenses.”

DHS also funds the Tax Assistance Program (TAP), which has 24 locations in Chicago and the suburbs. TAP recruits tax professionals to volunteer to assist low-income families. Last year the TAP helped complete more than 10,000 returns worth more than \$13 million in refunds.

For more information on the Tax Counseling Project, contact the Center for Economic Progress in Chicago at 312-630-0273, or call the toll free statewide number at 888-827-8511. For information on the Tax Assistance Program call 312-409-1555. Details are also available on the IDHS website at www.dhs.state.il.us and the Department of Revenue site.

“Especially with today’s economic pressures, many taxpayers may be persuaded to apply for ‘rapid refund’ loans when they hire for-profit tax preparation services,” said Acting IDFPR Secretary Michael T. McRaith. “Consumers should be wary because these loans have high fees and interest rates and deprive hard-working families of hard-earned tax refund money. We urge families to file on their own, if possible, or seek non-profit counseling to avoid the high cost of obtaining their refunds a few days early.”

According to a 2007 study issued by the Consumer Federation of America and the National Consumer Law Center, a consumer could pay from \$57 to \$111 in order to get a RAL for a

typical refund of about \$2,500. The effective annual interest rate for this loan would be 85 to 170 percent. The average Illinois refund is \$270 while the average federal refund is over \$2,000.

The vast majority of Illinois taxpayers can file their state taxes on-line and receive their refunds in about a week. Federal returns may also be filed on-line and refunds can be expected in about two weeks. Last year, 3.2 million taxpayers filed their IL-1040 returns electronically. This was a 15.3% increase over 2007 and represents more than 50% of all IL-1040s filed.