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To all attendees,

Welcome to our first ever MCLE program dedicated to tax benefits for Massachusetts families.

Why do we, poverty attorneys, care about tax law?

Traditionally, taxes had been an issue for the rich and middle class families, not the poor. In the 1990s, with the Welfare to Work legislation, taxes have become a significant part in the lives of the working poor. Today, the largest anti-poverty programs, the Earned Income Credit and the Child Tax Credit, are administered by the IRS. Most recently, Massachusetts introduced its own child tax credit to families of any or no income. During the pandemic, we saw clear evidence of children being lifted out of poverty through government payments. We owe it to our clients to know about tax benefits, to disseminate the information (share the good news!) and to remove obstacles that prevent them from securing these payments.

The work of tax clinics

Maximizing our clients' income and minimizing their debt is at the core of our mission to eliminate poverty. The clinic can count among its successes thousands of dollars in tax debt settled, reduced, or fully abated. And the work of the clinic securing refundable and other tax credits has made it possible for clients to build assets by buying a home, or starting a business, and to gain security for them and their children.

The same minorities and immigrant communities most affected by Covid-19 are the same that were struggling pre-pandemic. The correlation between race and poverty has been amply documented. The federal and state tax credits that currently add up to [insert table] for a family of 4, as well as the reduction of taxes on unemployment insurance are the most direct relief available to address income inequities.

The work of the tax clinic and its intersection with the work of other legal services attorneys

Tax clinics handle "pure" tax issues, known as tax controversies. These include refund claims, audits, innocent/injured spouse, misreporting of wages, and others, but the clinics are also the go-to place for the attorneys who inevitably encounter tax issues in their work. Here's a sample:

Immigration: tax compliance is required to prove "good moral character" in green card/citizenship applications and also as proof of continuous presence for cancelation of

removal cases; taxpayers often need to apply for ITINs, ID tax numbers for those who are ineligible for social security numbers

Consumer: Bankruptcy discharge of income taxes depends on timely filing; cancelation of debt income (student loan, credit card) is taxable unless the client shows insolvency or other exceptions

Family: issues of child custody impact who may claim the child as a dependent or if a separated parent may be a Head of Household for tax purposes; several credits depend on the marital and filing status of the clients

Elderly/Disability/Health: Many disabled clients may be claimed as dependents, may be eligible for tax credits, for cancelation of debt relief; the Affordable Care Act created the Premium Tax Credit which mandates filing of a return regardless of income and the Mass. Department of Revenue enforces the tax penalty for failure to have Minimum Creditable Coverage

Welfare: The pandemic relief in the form of higher unemployment insurance and enhanced tax credits for taxpayers with no earned income, meant that many formerly nonfilers*¹ are part of the tax world. The clinic continues to claim unpaid rebates and credits from 2020 and 2021 and is doing as much outreach as possible about the State child and family tax credit and the senior housing tax credit (known as circuit breaker). Neither of these credits requires earned income and both are refundable.

Housing: The tax clinic counsels attorneys about settlements and taxability of payments such as the *cash for keys* program.

Employment: Misclassification of workers has significant tax implications. Most recently, the clinic sought advice from the IRS about the taxation of State paid family leave payments.

Dissemination of Information- Community Education

It is impossible for the clinic to represent all clients with tax cases, and so it must disseminate information so the taxpayers may have a chance at resolving their own disputes with either the IRS or the DOR or both.

This education effort does not end when the tax filing season ends, but it must continue throughout the year. It's been documented that many individuals, particularly elderly and immigrant taxpayers, do not claim the EITC either because their earned income seems too low, or they don't believe they qualify. There's been confusion about the EIPs, and still missing payments for children of separated/divorced parents, or nonfilers. Only outreach that amplifies the IRS guidance, so long as it is translated into plain and other languages will make a difference. Use of social media was effective in 2020. This year there is an additional impetus because the federal (and State) assistance is more robust, and available to families with no income as well as those with low and moderate income families are eligible.

*Nonfiler is a taxpayer who is not required to file a tax return

Systemic work

Among its accomplishments, the tax clinic has secured more language access from the IRS, a financial hardship process from the DOR, and improvements in the state law for vulnerable taxpayers such as the innocent spouse and EITC for survivors of domestic violence, a tax reduction for unemployment insurance. The clinic has been supportive of state legislation to improve the State EITC and has drafted a bill to revamp the DOR Offer in Final Settlement law.