

## The Impact of EITC & VITA in Pennsylvania

Each year, the Earned Income Tax Credit (EITC) supports the financial stability of over 25 million low- and moderate-income workers by reducing their federal tax burden. In 2017, the average EITC refund was \$2,470.<sup>1</sup> Beyond encouraging work, the EITC refund gives millions of households an opportunity to catch up on bills, provide for their families and save for emergencies, or their future. Studies on the impact of the EITC have found that children living in households who receive the credit have improved health and educational outcomes.<sup>2</sup> For such a modest program, it goes a long way to help lift people out of poverty.

The federal EITC has been so effective that 29 states and D.C. have enacted a state EITC to further boost economic mobility for workers. These are often based on a percentage of the federal EITC, and some states have a refundable credit that allows those who do not owe taxes to still receive the credit as a refund.

## How does Pennsylvania benefit from the EITC?

Pennsylvania directly benefits from the estimated 911,000 residents that receive the credit each year. In 2017, these residents received a total of \$2,100,000,000 in EITC refunds, an average of \$2,262 for each household in Pennsylvania that claimed the EITC. Research suggests that the credit may create local economic impacts equivalent to at least twice the amount of EITC dollars received.<sup>3</sup>

## How does Pennsylvania benefit from VITA?

Across the country, there are over 4,000 Volunteer Income Tax Assistance (VITA) sites where eligible taxpayers can have their taxes prepared and filed by IRS-certified volunteers at no cost. Across Pennsylvania, there are 179 sites ready to help taxpayers claim the federal and state credits, like the EITC, they are eligible for. In 2017, 68,735 taxpayers in Pennsylvania (including 20,171 EITC-eligible taxpayers) received a total of \$98,544,932 in federal refunds, in addition to saving an average of \$273 on the cost of tax preparation by having their taxes prepared at a VITA site.

## Support the EITC & VITA in Pennsylvania!

Federal, state and local policymakers can help low-income, EITC-eligible taxpayers by supporting VITA sites that provide high-quality tax preparation, financial stability services and connections to other community services at no cost. Over the years, the tax code, EITC eligibility requirements and household situations have increased in complexity. VITA sites are poised to meet the growing needs of taxpayers by helping them claim federal and state credits like the EITC, but will require additional volunteer and financial resources to do so.

The number of EITC-eligible taxpayers in Pennsylvania that can benefit from VITA services far exceeds those who utilize them. Your support for making the VITA program permanent and increasing its funding levels will directly benefit low- and moderate-income, EITC-eligible residents in Pennsylvania!

<sup>1</sup>Internal Revenue Service, [EITC and Other Refundable Credits](#), Accessed Jan 11, 2017.

<sup>2</sup>Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon Debot, [EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development Research Finds](#), Center on Budget and Policy Priorities, 2015.

<sup>3</sup> Alan Berube and Natalie Holmes, "The Earned Income Tax Credit and Community Economic Stability." (Washington, DC: Brookings Institution, 2015).

Total EITC Returns in  
PA

**911,000**

EITC Refund Dollars in  
PA

**\$2,100,000,000**

Average EITC Refund in  
PA

**\$2,262**

% of EITC Returns  
prepared by VITA

**29.3%**

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