

Many do not take advantage of tax credit

*By Heath Merchen
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Can you deduct your manicures since, really, you display those flashy nails at work every day? And, shouldn't the parents of kids who are a handful get more of a child tax credit than those whose kids are just naturally little angels?

Sorry, the tax laws don't give credit for effort ... or for pretty nails. There are, however, some credits available that most overlook.

In fact, government studies indicate that millions of Americans fail to claim billions of dollars in tax credits every year; and one of the most overlooked credits is the Earned Income Tax Credit (EITC). Nearly 70 percent of Oklahomans who are eligible to receive the EITC do not even apply for it. So, hopefully, 70 percent of you are paying attention.

The EITC is a tax credit for certain people who work and have earned income under a specified limit (\$38,646 for a single party with more than one child, \$41,646 for a married couple with more than one child). In some cases, you can get back up to \$4,824 – more than enough for a few manicures and/or some babysitting time to get away from the little angels.

The EITC is not just a tax deduction, but a tax *credit* which is subtracted directly from the amount of tax you owe. Since the EITC is a “refundable credit,” even if you had no tax withheld or do not owe any tax to the IRS, you may still get some money back.

In addition to the Federal Earned Income Credit, Oklahoma is one of a handful of states which also offers a State Earned Income Credit. If you are eligible for the federal EITC and are a resident of the State of Oklahoma, you are also eligible to claim the Oklahoma earned income credit when filing your state income tax return.

As with all credits, you have to complete your federal tax return before filling out your state income tax return. Like the federal EITC, even if you do not owe any state income taxes, claiming the state EITC can lead to your receiving a cash payment (“refundable credit”) from the State of Oklahoma.

If you don't have an accountant (or tax-filing software), state income tax forms can usually be picked up wherever federal tax forms can be obtained (e.g., post office, libraries, etc.). To obtain state income tax forms and publications you can, also visit the Oklahoma Tax Commission's web site at www.oktax.state.ok.us.

Remember, you should consult a tax professional to find out more about the EITC and any other tax benefits that may be entitled to you. You can visit www.irs.gov or call 800/829-1040 to find out more about the EITC and the possibilities of free tax return preparation.