

2021 United Way of Washtenaw Volunteer Income Tax Assistance Report

- The 2021 Volunteer Income Tax Assistance, or VITA, season was the second year in a row where Covid was a major challenge. This season was 100 % affected, requiring that the entire season had to be virtual. Due to restrictions, we had to forgo both EMU and U of M student participation, and due to software licensing costs, we had to reduce significantly the number of volunteers. The right tools needed to be found, and new processes needed to be implemented with little time. The United Way Staff and a few of the key volunteers did just that, and while our numbers are down as shown in the PowerPoint, to complete 535 returns was a major accomplishment. Over \$ 1.3 million of refunds were captured, and over \$ 149,00 of tax preparation fees were avoided by our clients.
- Two paths were developed for our clients to get there documents safely into our process:
 - Scan and Go: Our VITA clinic has been using scan and go for several years now, but this year required minimal to no face-to-face contact. The client would make an appointment at an approved site, call when there for their appointment, then place their papers in a box outside the site. One of our volunteers would retrieve the documents, scan them, return them to the box, then call the client to have their papers returned to their possession. Scan and Go sites included the 3 Ypsilanti Libraries, the United Way building on Platt Road, the Community Resource Center in Manchester, Aid in Milan, and the Housing Bureau of Seniors which covered several rental buildings in the Ann Arbor and Ypsilanti area.
 - Full Virtual: Clients could fill out all forms and submit their documents from a computer, smartphone, or tablet. Completed returns were sent to them for signature and review via DocuSign.
- An additional challenge this season was the significant number of tax law changes. In March of 2020, the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, passed, and in December of 2020, the Consolidated Appropriations Act became law. Key parts that affected our work were:
 - No penalties for early IRA withdrawals if cause was Covid related.
 - Option to “lookback” to 2019 income if it yielded a higher Earned Income Credit and Child Credit.
 - Stimulus payments were included in both the March and December acts. The 2020 tax return allowed the claiming of stimulus payments if they hadn’t been received, or full amounts were not received. As the IRS based the stimulus amounts on 2019 returns, the actual 2020 returns were then used to correct any shortfalls or misses.
 - Charitable Contributions up to \$ 300 allowed as an adjustment to income.
 - Eligibility and amounts were based on 2019 tax returns, with adjustments made with the filing of the 2020 tax returns.
- In March 2021 the American Rescue Plan Passed.

- Excluded the first \$10,200 of unemployment compensation from being taxed.
- Most states, including Michigan, chose to forgive the same amount (amended tax return likely must be filed to receive refund).
- Unfortunately, millions of tax returns had already been filed. The IRS is automatically adjusting these returns with refunds starting in June; for state returns, however, VITA must now amend 70 tax returns.
- The PowerPoint includes an actual example of a tax return from this year. This married couple with 4 children, income of \$ 34,453, had combined federal and state refunds of \$ 12,594.
- For the people we serve, the tax preparation event has been of vital importance to them financially. With the passage of several tax law changes for households with children, the tax preparation services we provide will become even more important.
- The contributions of both volunteers and funding from the Rotary Club of Ann Arbor are vitally important to the VITA Program at the United Way.

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