



# 12TH DISTRICT

## Working Families Newsletter

2006

Dear 12<sup>th</sup> District Constituent:

Reliable estimates indicate that for tax year 2004 alone working people in the 12<sup>th</sup> District failed to claim over \$8 million in tax savings or refunds they were eligible to receive. Many of these working people did not file tax returns because they were not required to do so and they did not realize that filing a tax return was necessary to get the benefits.

This Newsletter contains information about tax credits or benefits you could be eligible to receive. I don't want you to miss out on money you are entitled to receive for tax year 2005. So please read this Newsletter carefully and seek tax assistance if you have questions. You may even qualify to get free tax assistance.



Sincerely,

Mel Watt

### *Who Qualifies for the Earned Income Tax Credit?*

- An individual with one child who earns less than \$31,030 (or less than \$33,030 if married) is eligible for a credit of up to \$2,662.
- An individual with two or more children who earns less than \$35,263 (or less than \$37,263 if married) is eligible for a credit of up to \$4,400.
- An individual without a child who earns less than \$11,750 (or less than \$13,750 if married) is eligible for a credit of up to \$399.

### *Who Qualifies for the Child Tax Credit?*

- If you have a qualifying dependent child under the age of 17 and earned more than \$10,750, you may qualify for a tax credit of up to \$1000 per child.

### *Who Qualifies for the Health Coverage Tax Credit?*

The Federal Health Coverage Tax Credit was created by the Trade Act of 2002 to help certain displaced workers and retirees pay for health insurance. The following individuals are eligible for this tax credit:

- Trade-impacted workers who have lost their jobs because of increased imports or a shift in production to another country and are classified as eligible for Trade Adjustment Assistance or Alternative Trade Adjustment Assistance.
- Individuals who are at least age 55 and receive pensions from the Pension Benefit Guaranty Corporation (PBGC), or who received a lump sum payment from the PBGC after August 5, 2002 and are not entitled to Medicare, or who currently receive PBGC benefits as a survivor, as a beneficiary or as an alternate payee under a qualified domestic relations order.

The credit covers up to 65% of the cost of qualified health insurance for eligible individuals. It can be received either monthly or in a lump sum by filing for it on a federal tax return. More information about qualified health plans and eligibility is available on the Internal Revenue Service's website at [www.irs.gov](http://www.irs.gov), enter keyword HCTC, or call the HCTC Customer Contact Center at 1-866-628-4282 (TDD/TTY 1-866-626-4282).

## Who Qualifies for the Education Coverage Tax Credit?

The following tax credits may be available to help offset the costs of higher education for you, your spouse or for a dependent you claim on your tax return if your adjusted gross income is \$53,000 or less (\$107,000 or less if you file a joint return):

### HOPE EDUCATION TAX CREDIT

- Up to \$1500 credit per **eligible student**
- Available **ONLY** for the first 2 years of post-secondary education
- Student must be pursuing an undergraduate degree or other recognized education credential
- Student must be enrolled at least half time for at least one academic period during the year
- Student must not have had a felony drug conviction

### LIFETIME LEARNING TAX CREDIT

- Up to \$2000 credit per **tax return**
- Available for all years of post-secondary education and for courses to acquire or improve job skills
- Available for an unlimited number of years
- Student does not need to be pursuing a degree or other recognized education credential
- Available for one or more courses

The HOPE Credit may be claimed by submitting Parts I and III of Internal Revenue Form 8863 and the Lifetime Learning Tax Credit may be claimed by submitting Parts II and III of Form 8863 with your Form 1040 or 1040A. Enter the credit on line 50 of Form 1040 or line 31 of Form 1040A.

## FREE TAX ASSISTANCE

The IRS Volunteer Income Tax Assistance (VITA) program prepares tax returns for low-income families at no charge. Tax filers who are elderly, non-English speaking, disabled or military personnel can also file their taxes at VITA sites. To locate a site near you, call the IRS helpline at (800) 829-1040. Persons who are not currently employed who qualified for the Earned Income Tax Credit during the previous year may also get free tax filing services through their local Employment Security Commission office.

### *For additional information or assistance from my office, contact:*

WASHINGTON	2236 Rayburn HOB, Washington, DC 20515	Tel. (202) 225-1510, Fax (202) 225-1512
CHARLOTTE	1230 W. Morehead Street, Suite 306, Charlotte, NC 28208	Tel. (704) 344-9950, Fax (704) 344-9971
GREENSBORO	301 S. Greene Street, Suite 210, Greensboro, NC 27401	Tel. (336) 275-9950, Fax (336) 379-9951
EMAIL	nc12.public@mail.house.gov	
WEBSITE	www.house.gov/watt	



**Congressman Mel Watt**

12<sup>th</sup> Congressional District  
North Carolina

U.S. House of Representatives  
Washington, D.C. 20515

OFFICIAL BUSINESS

M.C.

ECRWSS Carrier Route

# 12<sup>th</sup> District

## WORKING FAMILIES NEWSLETTER

POSTAL CUSTOMER  
12TH CONGRESSIONAL DISTRICT  
NORTH CAROLINA