



VITA
VOLUNTEER INCOME TAX ASSISTANCE

2017 Tax Season Report: January–April 2017

Volunteer Income Tax Assistance (VITA) is a national IRS sponsored program that provides free preparation of federal and state tax returns for households with income less than \$53,000. The goal is to make quality tax preparation services available to low- to moderate-income households. The program also allows clients to claim all tax credits to which they are entitled, and receive the largest refund or lowest tax bill, without having to spend limited financial resources on tax preparation fees.

This report presents data on the number of state and federal returns, refunds the returns generated, and other information for United Way of East Central VITA sites during the 2017 tax season, which primarily focused on preparing returns for tax year 2016. This was the third year United Way of East Central Iowa has sponsored VITA.

Service Levels

Volunteers prepared 1,902 federal tax returns—a 1.2% increase from the previous year. The amount of returns increased even with introduction of new software, a considerable number of new volunteers, and fewer available tax appointment sessions.

In addition to federal returns, the program filed 1,727 state returns for the 2016 tax year. Another 106 consultation appointments reviewed tax returns, but the clients decided not to file their tax returns through the VITA program.

FIGURE 1 shows the composition of the federal returns prepared for the 2016 tax year.

FIGURE 1: 2016 FILING TYPE

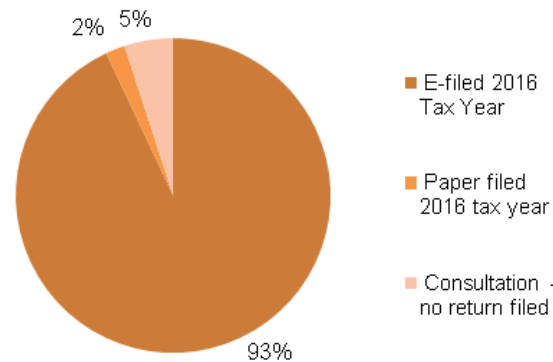
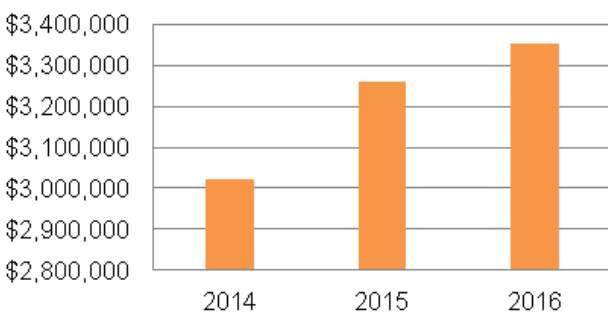


FIGURE 2: 2016 TOTAL REFUNDS



VITA continues to bring in more dollars to our community. **FIGURE 2** above illustrates growth in number of total tax refunds for the past few years.

Client Characteristics

FIGURES 3-5 illustrate the filing status, adjusted gross income of clients, and the filing options for last year's returns.

FIGURE 3: FILING STATUS

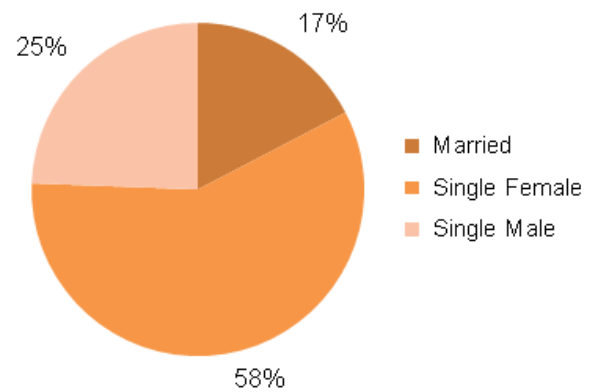


FIGURE 4: ADJUSTED GROSS INCOME

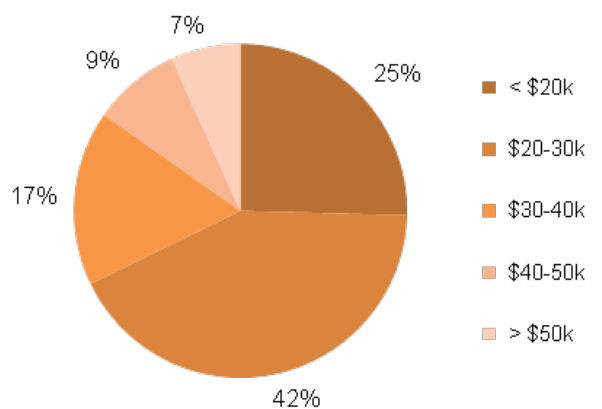
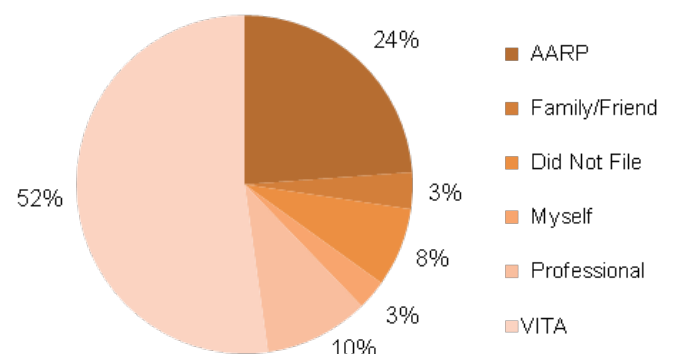


FIGURE 5: 2016 FILING OPTIONS





VITA volunteers gave 2,900 hours over 3 months

Dixaida is one of the 65 volunteers in the VITA program last year.

Fiscal Impact

VITA clients claimed \$3,351,414 in federal and state tax refunds on returns prepared at our sites—a 2.7% increase from the previous year.

For the 1,663 federal returns with claimed refunds, the average 2016 refund amount was \$1,718. State refunds averaged \$328.

An important goal of the program is to help people claim tax credits to which they are entitled, as this can greatly improve their financial situation. Clients were able to claim \$1,278,729 in federal and state tax credits through the VITA sites. The breakdown of tax credits claimed for the 2016 tax year is as follows:

Federal Earned Income Credit	\$1,111,939
Other Federal Tax Credits	\$166,790

For 191 federal and 228 state returns for 2016 where the taxpayer had a balance due instead of receiving a refund, clients received guidance on how to make payments. Tax preparers also taught clients how to avoid balance due situations in the future by increasing

their tax withholdings at their jobs, making estimated tax payments during the year, informing employers of multiple part-time jobs, or using other strategies.

A final financial benefit to clients is helping them avoid tax preparation fees. The average tax preparation fee, from a survey by the National Society of Accountants, for the 2016 tax year returns is \$176 for a basic tax return with no itemized deductions or ACA forms. At that average rate, VITA clients would have had to pay nearly \$335,000 in tax preparation fees, but instead saved that money by using the program.

Volunteer Team

VITA depends on time and talent of the dedicated team of volunteers. In 2017, 48 Certified Tax Preparers and 18 Intake Specialists contributed 2,900 volunteer hours during the three months sites were open. This does not include an estimated 30 hours invested by each volunteer in orientation, training, studying of tax laws, and passing IRS tax preparer certification tests.

Return on Investment (ROI)

This past year, local sponsors and a grant from the Iowa Center for Economic Success (ICES) supported VITA. Our local sponsors included Transamerica, Wells Fargo, and University of Iowa Community Credit Union. As with most projects, it is always encouraging to generate a positive return on investment (ROI). VITA continues to demonstrate a significant ROI.

When comparing dollars from individuals who would not have filed and savings from not using professional tax preparation with local contributors' investment and the state grant from the ICES, the result is a **positive 9.69 ROI**. In addition, when adding refund amounts to these savings, **the ROI is 169.60**.

Tax Year	Investment	Return	ROI
2014	\$43,901	\$486,301	11.07
2015	\$56,457	\$551,379	9.76
2016	\$55,901	\$541,794	9.69

Program Highlights

Enhancements to UWECI VITA sites for the 2016 tax year included:

- Expanded efforts to inform the community about VITA services, including students at Coe College and Mount Mercy University
- Outreach to Catherine McAuley Center to reach those who would not normally come to a VITA site
- Launched visiting VITA sites to provide tax assistance at various Cedar Rapids metro locations
- Supported a neighboring VITA program to provide tax returns in Washington County
- New procedures to inform clients about what to bring to their appointment through 2-1-1 rack cards
- Enhanced training sessions to enable all volunteers to become familiar with new software

Plans for 2018 tax season

- Provide greater access at two sites by expanding hours
- Offer additional training sessions for volunteers
- Enhance plans to recruit 15% more volunteers
- Increase number of returns prepared by 10% from 2017 tax season
- Increase amount of Earned Income Tax Credit and Child Tax Credit by 5% from 2017 tax season
- Pilot a "drop off" program to provide greater access to VITA's services

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