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Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

Tax clinic helps low-income families obtain valuable credits

By Barry VanderKelen

One of the most powerful tools the federal government has to help low-income families move toward financial stability, the low-income tax credit, is underutilized on the Central Coast. A family of five earning less than \$24,000 per year may be eligible for a credit of approximately \$5,000. This infusion of money helps millions of working families nationwide stay out of poverty.

To guard against abuse, the IRS audits families receiving the low-income tax credit at twice the rate of other tax filers.

Until now, these families on the Central Coast had to hire a CPA or enrolled agent or represent themselves during the

audit process. Fear of being audited and a lack of understanding of the tax code have deterred low-income families from claiming the credit.

To address this, Cal Poly's Orfalea College of Business has created the Cal Poly Low Income Taxpayer Clinic that represents low-income taxpayers involved in state and federal tax controversies or disputes. This is the only IRS-sanctioned clinic in the region that stretches from Ventura County through Monterey County.

Additionally, the clinic is leading the California Central Coast Tax Coalition that coordinates outreach and education to low income and elderly people on a broad

range of tax and financial services. There are 16 organizations comprising the coalition helping people connect with the resources they need. The most popular activity of the coalition is the Volunteer Income Tax Assistance program (VITA) and the Tax Counseling for the Elderly program (TCE). VITA and TCE enable greater compliance with tax-filing requirements. More than 3 million tax returns are prepared by VITA representatives each year, more than 2,500 in San Luis Obispo County.

More information about the clinic and the coalition is available by calling 211 or going to www.taxhelp211.org.

Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

Nonprofit Business Column of *The Tribune*

Barry VanderKelen, Executive Director of the **San Luis Obispo County Community Foundation**, writes a bi-weekly column to help strengthen nonprofit organizations in the community. Barry can be reached at 543-2323 or barry@slocf.org.

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