

IT'S TIME TO CLOSE THE FREE TAX PREP GAP

- The expanded EITC could put thousands back into the pockets of over 900,000 workers, but only if they file their taxes.
- Nearly 1 in 5 eligible workers don't claim the EITC, which means over 185,000 Michiganders, their families, and communities are missing out.
- Free tax preparation services, like Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE), are uniquely positioned to increase EITC uptake—but are chronically under-resourced.
- The average paid preparer charges \$220 per basic return. Last year, Michigan's 200+ free tax prep sites prepared just over 59,000 tax returns, connecting clients with \$64 million in refunds.



Through sustained annual funding, the State could expand local capacity, optimize coordinated statewide efforts, and boost tax time impact for hard-working Michiganders.

- 85% of the funding should go directly to existing and emerging sites.
- 15% should go to the grant administration, marketing, communications, training, statewide service coordination, and other capacity-building efforts to maximize impact.

THE CASE FOR FREE TAX PREP

- **Free tax prep providers are IRS-trained and certified to help filers claim every credit available to them.** Considering paid preparers in Michigan don't have to pass any certification to open up shop, it's unsurprising that volunteer professionals are actually more accurate than paid preparers on average.
- **Free tax prep providers provide their services at no cost, ever.** Filers don't have to worry about surprise fees at any point in the process, which saves them peace of mind and saved Michiganders approximately \$12.9 million just last year.
- **Free tax prep providers' local partnerships build trust.** A lack of awareness and trust stops many from taking advantage of free tax prep services. Local referral partners are a premier strategy for raising awareness in a way that builds trust.
- **Free tax prep providers' service models emphasize accessibility and client experience.** Sites across the state prioritize accessibility and client experience by providing varying hours, service modalities (e.g., in-person, virtual, hybrid), and locations to best meet the needs of their community.