



## Overview of the Earned Income and Child Tax Credits Outreach Act of 2020

**Background:** The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are successful federal tax credits for low- and moderate-income working people. And these programs lift millions of people out of poverty. According to the Center on Budget and Policy Priorities:

- In 2018, the EITC lifted about 5.6 million people out of poverty, including about 3 million children. Furthermore, the credit reduced the severity of poverty for another 16.5 million people, including 6.1 million children.<sup>1</sup>
- The CTC lifted approximately 4.3 million people out of poverty in 2018, including about 2.3 million children, and lessened poverty for another 12 million people, including 5.8 million children.<sup>2</sup>

Because of the powerful effect these programs have on reducing poverty, it's critical that all persons eligible for these credits access them. In 2007, the IRS launched an annual outreach campaign aimed at helping millions of Americans take advantage of the EITC. At that time, the IRS estimated that as many as 25 percent of eligible taxpayers fail to claim this tax credit, either because they don't claim it, or don't file a return at all.<sup>3</sup> In the most recent estimate, from 2016, the IRS and Census Bureau found that about 78 percent of people who are eligible for the earned income tax credit (EITC) get it.<sup>4</sup>

**Legislation:** As part of its efforts to ensure that all those eligible for the Economic Impact Payments authorized in the CARES Act received them, the IRS created a non-filer online portal to obtain certain information needed to facilitate those payments.

The Earned Income and Child Tax Credits Outreach Act would direct Treasury to implement an outreach program, including on the Internet and through mailed notices, to inform users of this electronic non-filer portal of their potential eligibility for the EITC and CTC.

The mailed notices would include a description of these credits and qualifications for receiving them. The mailed notices would also provide information on the availability of, and eligibility requirements for receiving, advice and assistance from free return preparation programs such as the Community Volunteer Income Tax Assistance (VITA) program and the Tax Counseling for the Elderly Program (TCEP).

Additionally, the bill requests U.S. Treasury Inspector General for Tax Administration (TIGTA) to evaluate the effectiveness of the IRS's outreach to non-filer portal users that received the recovery rebate payments.

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<sup>1</sup> <https://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit?fa=view&id=2505>

<sup>2</sup> <https://www.cbpp.org/research/federal-tax/policy-basics-the-child-tax-credit>

<sup>3</sup> <https://www.irs.gov/pub/irs-news/ir-07-024.pdf>

<sup>4</sup> [https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc#:~:text=Source%3A%20The%20national%20EITC%20participation,\(ACS\)%20is%2078.6%25.](https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc#:~:text=Source%3A%20The%20national%20EITC%20participation,(ACS)%20is%2078.6%25.)