

April 11, 2013

Brandy Hart Amidon, CPA

Comments for Ways and Means Committee regarding EIC and Child Tax Credit.

Dear Committee Members:

I am a Certified Public Accountant and a VITA (Volunteer Income Tax Assistance - United Way of Greenville, SC) Site Coordinator in Travelers Rest, South Carolina. The VITA program is indeed a benefit to our community.

However, I have also seen misuse of the tax codes for financial individual gain. Individuals are benefiting from government benefits such as Medicaid, Disability, Food Stamps, etc., yet still receive federal tax refunds through the Earned Income Tax Credit. Examples include:

- 'sharing of children' as dependents
- filing 'single' while married or living with a partner/other family member who is providing housing
- 'phantom income' in order to be eligible for EITC

Recent government funding cuts leave the IRS unable to properly monitor our current tax code and abuse in this area.

The EITC benefits only a small number of households for it's original intent... to aid families struggling to pull themselves out of low-income life and dependency on government aide. EITC benefits do not incentivize lower income families from earning higher wages and lessening their dependency on government assistance. As a result, this credit creates an environment for complacency and discourages working individuals who are single or childless couples while others benefit from huge tax refunds year after year with little effort.

The Ways and Means Committee should research whether the EITC program truly benefits lower income families or if it, in fact, encourages filing "false returns" and fails to improve the household situation year after year. Where is the encouragement to earn more? How is the EITC helping reduce dependency on government aide for lower income Americans?

I would love to speak with you further if necessary. My contact info is above.

Sincerely,

Brandy Hart Amidon