

Helping Michigan Taxpayers Keep More of What They Earn

Free Tax Preparation Fast Facts

- Free tax preparation services, like Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE), are offered by **local community-based organizations** at **no cost** to low- and moderate-income residents.
- These services are crucial for increasing the uptake of the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), but they are often **underfunded** and **under-resourced**.
- In the last tax season, **over 653,000** Michiganders received the Michigan EITC, with an **average credit of \$836**.
- Despite this, **nearly 1 in 5 eligible workers do not claim the EITC**, meaning about 160,000 Michiganders—and their families—missed out on these important funds.
- Free tax preparation services are provided at no cost, unlike paid preparers who charge an average of \$220 per basic return.

Through sustained annual funding of \$5 million, the State could expand local capacity, optimize statewide efforts, and boost tax time impact for hard-working Michiganders.

How is funding utilized?

- A majority of the funding is allocated to grants for existing and emerging local sites, enabling them to provide free tax preparation services to their communities
- Local sites use a majority of the funding to pay rent at new sites, enhance volunteer management, invest in more secure technology, and more!
- The remaining funds will cover statewide marketing, communications, training, service coordination, grants administration, 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.** It's unsurprising that on average, volunteer professionals are actually more accurate than paid preparers.
- **Free tax prep providers provide their services at no cost.** Filers don't have to worry about surprise fees at any point in the process. State grantees saved Michiganders approximately \$10 million in 2024.
- **Free tax prep providers' local partnerships build trust.** Local referral partners are an effective strategy for raising awareness about these services.
- **Free tax prep providers' service models emphasize accessibility and client experience.** Sites provide varying hours, locations, and service modalities (e.g., in-person, virtual, hybrid) to best meet the needs of their community.

