



Virginia Department of Housing
and Community Development



Virginia
Community Action
Partnership



For Immediate Release

February 6, 2007

Contact: Hollie Cammarasana, DHCD

Phone: (804) 371-7006

Cell: (804) 519-3540

E-mail: hollie.cammarasana@dhcd.virginia.gov

Brian Matt, VHDA

(804) 343-5520

(804) 783-6707

brian.matt@vhda.com

- Matching funds help EITC recipients save - Funds must be used for homeownership, education or entrepreneurship

Richmond, VA – Low-income Virginians can open special savings accounts using part or all of their Earned Income Tax Credit (EITC) refund and could see their money triple. The savings can be used for homeownership, attaining a higher education, or starting their own business.

The Virginia Department of Housing and Community Development (DHCD), Virginia Housing Development Authority (VHDA), Virginia Department of Social Services (VDSS) and Virginia Community Action Partnership (VACAP) are partnering to promote the use of the EITC and to encourage people to put the refund into a Virginia Individual Development Account (VIDA), where it will be matched 2:1 with state or federal funds.

The EITC is a refundable federal income tax credit for low-income working individuals and families. For tax year 2006, a family with two dependent children that earned \$38,348 may be eligible for a credit of up to \$4,536.

"There are many hard working individuals and families throughout the Commonwealth who are eligible for this program but do not take advantage of it," said Governor Timothy M. Kaine. "By raising awareness about the EITC and VIDA, we hope many more Virginians can see their savings increase toward meeting their goals for the future."

The VIDA savings program provides eligible, low-income individuals with a savings match of two dollars to every one dollar saved. The savings can be used to purchase a home, start a business, or finance post-secondary education. Eligible low-income individuals can open a VIDA savings account at any time with any earned income even if they do not use the EITC.

"By partnering VIDA with EITC, low-income working families in Virginia now have the ability to multiply their savings," said DHCD Director Bill Shelton. "If a family with two children invested \$2,000 of their EITC into a VIDA account, in two years they could have up to \$6,000 saved for a down payment on a home, for education, or to start their own business."

“If two family members participate in VIDA, they could have up to \$12,000,” Shelton added.

In 2004, eligible households in Virginia received an average of \$1,767 through the EITC. The Internal Revenue service estimates that an additional 22 percent of Virginia’s low-income households may be eligible.

To qualify for the EITC, earned income and adjusted gross income must each be less than:

- \$36,348 (\$38,348 married filing jointly) with two or more qualifying children;
- \$32,001 (\$34,001 married filing jointly) with one qualifying child;
- \$12,120 (\$14,120 married filing jointly) with no qualifying children.

Tax year 2006 maximum credit is as follows:

- \$4,536 with two or more qualifying children;
- \$2,747 with one qualifying child;
- \$412 with no qualifying children.

Both the EITC and VIDA programs are supported by the Virginia Department of Social Services. VIDA is managed by the Virginia Department of Housing and Community Development. EITC outreach efforts are coordinated through the Virginia Community Action Partnership. VHDA is serving as a clearinghouse for inquiries about this opportunity and provides the matching funds to the Assets for Independence federal grant when VIDA is used for homeownership.

Information about free tax preparation, the EITC and VIDA program can be found by calling the VHDA contact center at 1 (877) VHDA-123.

###