



Simplified filing to claim California tax credits is key to expanding access & ensuring equity

May 2021

To fulfill the promise of the expanded CalEITC/YCTC and GSS, California policymakers must ensure that all eligible Californians have a simple way to claim these credits, even if they aren't required to file full tax returns. To accomplish this, California policymakers should ensure equitable access by creating a simplified filing portal for non-filers (including those waiting to receive an ITIN) to claim the CalEITC, YCTC, and GSS credits.

THE HARDEST HIT CONTINUE TO MISS OUT ON TAX CREDITS

California's Earned Income Tax Credit (CalEITC) and Young Child Tax Credit (YCTC) put money into the pockets of millions of low-income Californians each year. Since its creation in 2015, lawmakers have expanded the value and eligibility for the CalEITC, including last year reaching taxpayers who file with an Individual Taxpayer Identification Number (ITIN), a testament to our state's commitment to inclusion and equity. The Golden State Stimulus (GSS) provides additional relief, targeted to those hardest hit by the economic crisis, with more relief provided to those excluded from other assistance.

Californians who file tax returns receive significant assistance through tax credits. A single parent with two children, working part-time and earning \$12K a year [could receive over \\$13K](#) in federal and state EITC and child tax credits. GSS alone would provide between an additional [\\$1,100 for SSN filers and up to \\$2,200 for ITIN](#) filers with dependents.

Too many eligible Californians risk not getting these credits because they are not connected to the tax system for a simple reason: their incomes are so low that they are not required to file tax returns. These are precisely the families who need the benefits of the CalEITC/YCTC and GSS the most. Recent research showed that [1 in 4 Californians \(about 2.4 million people\)](#) who are enrolled in other benefits programs likely missed out on federal relief checks because they do not file taxes. And without filing taxes, these same people miss out on state tax credits and relief payments, too. Research on the EITC shows that people of color are most at risk of not filing, specifically people who: live in areas with high concentration of Latinx people; are Native

Americans; participate in food stamp programs; and have a language other than English as their first language. Additionally, a majority of undocumented residents are still unable to access any of these benefits because they lack an ITIN and have no way to get one in a timely manner.

Research shows awareness is not the problem.

Filing tax returns is [complicated and often expensive](#), and many are daunted by the fear of penalty from making a mistake.

A SIMPLIFIED FILING PORTAL ENSURES CALIFORNIANS HAVE A WAY TO CLAIM CREDITS

A simplified filing option – in the form of an online portal – would give eligible Californians a simple, straightforward, low-burden way to claim the CalEITC/YCTC and GSS without filing full tax returns, and increase the likelihood that the people who need this credit are actually getting it. It would be modeled on the federal nonfiler portal used by 7 million people in 2020, and is a new path to bring these hard-to-reach people into the tax system.

A simplified filing portal should:

- ⚡ **Be opened as soon as possible** to allow people to claim credits for this tax year, and also take advantage of the public attention that the newly available federal Child Tax Credit and state GSS will generate.
- ⚡ **Collect only essential information** necessary to issue refundable tax credits.
- ⚡ **Be accessible** to individuals, as well as community groups that assist low-income people with taxes and benefits.
- ⚡ **Be mobile-friendly, accessible to people with disabilities, and in multiple languages** on all platforms.