



# WAYS AND MEANS

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## **Q&A: Economic Impact Payments**

The bill includes a second round of Economic Impact Payments for Americans. This post answers some frequently asked questions about these new checks. For information regarding the previous round of Economic Impact Payments please click [here](#).

### **How will these new payments work?**

These payments are an expansion of the Economic Impact Payments the IRS issued earlier in 2020 as part of the CARES Act. The IRS will use the data it already has in its system to begin making payments at the end of December through the first two weeks of January. If the IRS has your direct deposit information, you will receive a payment that way. If it does not, you will receive your payment as a check or debit card in the mail. If you are eligible but don't receive your check for any reason, you can claim the payment when you file your 2020 taxes in the spring of 2021.

### **Who is eligible to receive these payments?**

Any person that has a valid work-eligible Social Security number (SSN), is not considered as a dependent of someone else, and whose adjusted gross income (AGI) does not exceed certain thresholds (see below), is eligible to receive the credit. This means workers, those receiving veterans benefits, Social Security beneficiaries, and others are all eligible.

- Spouses of military members are eligible without an SSN.
- An adopted child can use an Adoption Tax Identification Number to be eligible.

### **Is there a change in eligibility for couples where one spouse has an SSN, but one spouse does not?**

Yes. Under the CARES Act, joint returns of couples where only one member of the couple had an SSN were ineligible for a rebate. This latest round of relief changes that provision. These families will now be eligible to receive payments for the members of the family that have SSNs. This change is retroactive, meaning that those who fall under this category who missed out on the first round of EIPs can claim that money when filing 2020 tax returns in the spring of 2021.

### **How much money will those eligible receive?**

The full credit amount is \$600 per individual, \$1,200 per couple, and \$600 for children. It is available for individuals with AGI at or below \$75,000 (\$112,500 for heads of household), and couples with AGI at or below \$150,000. If you have children, you will receive an additional \$600 per child.

For those above this income level, your tax rebate amount will be reduced by \$5 for each \$100 your AGI exceeds the above thresholds.

This means:

- An individual without children will not receive any rebate if their AGI exceeds \$87,000.
- A couple without children will not receive any rebate if their AGI exceeds \$174,000.
- A family of four will not receive any rebate if their AGI exceeds \$198,000.

### **How will the IRS determine who receives a payment and how much that payment will be?**

The IRS will use the same methodology for calculating payments as it did for the first round of Economic Impact Payments.

### **Do rebate checks need to be repaid?**

Unless obtained by fraud, rebate checks do not need to be repaid. If an individual experienced an income loss in 2020 or if they have an increase in family size, they may be able to claim an additional credit of the difference when the individual files their 2020 tax federal income tax return in Spring of 2021.

### **The IRS does not have my direct deposit information. Will I receive a payment?**

Yes. If you are eligible and the IRS does not have your direct deposit information, you will receive your payment as a paper check or a debit card as long as the IRS has your address. If the IRS does not have updated contact information for you, you will have the opportunity to claim the payment when you file a tax return in spring 2021.

### **Can you receive a rebate check if you are claimed as a dependent on another taxpayer's tax return?**

No. Someone who is claimed as a dependent on another taxpayer's tax return is not eligible to receive the \$600 refund check themselves.

### **Can you receive a \$600 child credit for a dependent claimed on your tax return if that child is 17 or older?**

No. Children 17 and older are not eligible for the \$600 per child tax credit.

### **Are non-tax filers eligible to receive a rebate check?**

Yes. For those with taxable income, you will need to file a tax return for the 2020 tax year, which you can do during the coming filing season that is expected to begin in late January and end on April 15, 2021. Those with little or no taxable income are encouraged to use the IRS' Free File Program which can be viewed [here](#).

Other than Social Security beneficiaries (retirement and disability), railroad retirees, and those receiving veterans benefits, individuals with no taxable income will be able to file a simple form provided by the IRS specifically for the purpose of receiving the rebate check.

**How can Social Security beneficiaries, railroad retirees, and those receiving veterans benefits who are not typically required to file a tax return receive a rebate check?**

Social Security retirement and disability beneficiaries, railroad retirees, and those receiving veterans benefits do not need to file to receive their rebate. The IRS has worked directly with the Social Security Administration, Railroad Retirement Board, and the Veterans Administration to obtain information needed to send out the rebate checks the same way benefits are paid.

**Are the rebate checks considered taxable income?**

The credit is not taxable, consistent with other refundable tax credits.

**Will the rebate check affect my eligibility for federal programs, like Supplemental Security Income?**

No, the rebate is considered a tax refund and is not counted towards eligibility for federal programs for both income and asset test purposes.

**Could my rebate check be offset by any outstanding money owed to the government?**

The rebate checks are not subject to the majority of offsets, including student debt and state debts. The only administrative offset that will be enforced applies to those who are subject to a child support garnishment court order.

**Can families with children born in 2020 receive the \$600 child credit?**

Yes, but action is required. A family with a child born in 2020 is eligible for the \$600 per child rebate amount (assuming all other requirements are satisfied). The IRS will calculate the payment based on the most recent tax data in its system. If a child was born since the family's last filing, the family will not automatically receive the \$600 rebate amount for the child born in 2020. To receive the credit the family can claim the \$600 credit on their 2020 tax return filing made in spring 2021.

**What if I'm eligible for a payment but never received a round 1 payment or a round 2 payment?**

If you believe you are eligible for an economic impact payment but did not receive a round 1 or round 2 payment, you will have the opportunity to claim the payment on your 2020 tax return. This year's tax forms will provide a place for individuals to claim the payments. If you don't normally file taxes and are eligible for a payment, make sure to file a return this spring to claim the payments.

**When does the tax filing season begin?**

The IRS has not announced the exact date the coming filing season will begin, but it typically begins near the end of January. If you need to update your information by filing your tax return, keep an eye out for an IRS announcement about the start of the filing season.

**How can non-tax filers receive a rebate check?**

Individuals can claim the payment by filing a simple tax return when the tax filing season opens in late January 2021. The IRS provides a free filing program that is accessible [here](#).