



## HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

### **2020 Rebates: Most Frequently Asked Questions**

*Updated on May 15, 2020*

#### **Why is the Internal Revenue Service (IRS) paying rebates to individuals?**

The public health and economic consequences of COVID-19 are significant. These rebates will help Americans afford what they need during this public health crisis, as many are experiencing a significant cash crunch.

#### **How many rebates will be made?**

The Department of the Treasury (Treasury) and the IRS initially estimated that there would be 171 million rebate payments under the CARES Act and that 101 million of these payments would be paid by paper check unless the IRS receives direct deposit information for these payments before a paper check is mailed. However, these estimates seem low given the following populations:

- 145-150 million taxpayers who file returns below the CARES Act income thresholds;
- 25-30 million Social Security beneficiaries and SSI recipients who do not file returns;
- 14-15 million non-filers who are below the filing threshold;
- 6 million veterans (undetermined number of non-filers); and
- 500,000-600,000 individuals who receive benefits from the Railroad Retirement Board (undetermined number of non-filers).

#### **When will rebates be distributed?**

The IRS is working to deliver rebates quickly. Some individuals have received their rebates through direct deposit or paper check over the past month. The IRS plans to make additional rounds of payments weekly until all eligible individuals receive their rebates.

#### **How many payments have been made to date?**

On May 8, Treasury announced that it had made payments to 128 million Americans.

#### **What is the difference between the two IRS portals?**

On April 10, the IRS launched *Non-Filers: Enter Payment Info* for individuals who are not required to file tax returns. This portal allows non-filers to register for their rebate payments and provide the IRS their name, address, Social Security number (SSN), adjusted gross income, information about dependents, marital status, and direct deposit information.

On April 15, the IRS launched *Get My Payment*. This portal allows individuals, once authenticated, to find out the status of their economic impact payments. The portal can be used

by (1) individuals who filed tax returns for 2019 or 2018 and (2) individuals who previously used the non-filer portal to register their information. Until noon on May 13, certain taxpayers also could use this portal to provide their banking information. However, the portal no longer can be used for that purpose. Taxpayers who filed 2019 or 2018 tax returns and who did not provide their banking information by noon on May 13 will receive a paper check based on address information on file with the IRS.

### **How will rebates be delivered?**

It depends. Rebates will be delivered automatically—by the IRS—to most Americans. When available, electronic direct deposit will be used in place of mailing a physical check. Electronic distributions will be automatic to an account the payee authorized on or after January 1, 2018.

### **I filed a tax return in 2018 or 2019. When and how will I be paid?**

If your return included direct deposit information, you should have been paid in April.

If your 2018 or 2019 return did not include direct deposit information, you had until noon on May 13, 2020 to access the *Get My Payment* portal and provide banking information. As noted above, if you did not provide your banking information by noon on May 13, you will receive a paper check based on address information on file with the IRS.

If you are receiving a paper check, checks are being issued at a rate of about 5 million per week in reverse “adjusted gross income” order—starting with people with the lowest incomes first.

### **I do not file a tax return. Am I eligible for a rebate?**

Yes, you are eligible. There is no earned income requirement to be eligible for a rebate. And, if you receive benefits from another federal agency, you may be receiving your rebate automatically from the IRS. Otherwise, you will need to use *Non-Filers: Enter Payment Info* to register for your rebate.

### **I receive benefits from another federal agency and do not file a tax return. When will I be paid?**

Many Social Security retirement, survivors, and disability insurance (SSDI) beneficiaries and Railroad Retirement beneficiaries who did not file tax returns in 2018 or 2019 should have received their rebates the week of April 27 if they were receiving their rebates through direct deposit. For beneficiaries receiving a paper check, the IRS started mailing checks on May 1. The IRS has said that additional beneficiaries should expect to be paid in May.

Supplemental Security Income (SSI) and Veterans Affairs beneficiaries will receive their rebates in May. If these individuals had dependents, they had until May 5, 2020 to use the portal for non-filers to notify the IRS of their dependents. (A similar deadline for Railroad Retirement and Social Security beneficiaries with dependents was April 22, 2020.)

### **How would I know if I already should have received my payment?**

The IRS will notify an individual by mail after the payment has been made to them.

### **How can I provide the IRS my direct deposit information?**

For individuals who are not required to file tax returns, the IRS has an online portal called *Non-Filers: Enter Payment Info* that allows you to register for your rebate and provide direct deposit information to the IRS.

For individuals who filed a 2018 or 2019 tax return, the deadline has passed to provide direct deposit information to the IRS.

### **When can I expect to receive my rebate if I used one of the portals to provide my direct deposit information?**

The IRS told Committee staff that it processes new payment information weekly.

### **How large are the rebates?**

The amount of the rebate depends on adjusted gross income and family size. The payment is \$1,200 for each adult individual (\$2,400 for joint filers), and \$500 per qualifying child under age 17. (Rebates are not available for dependents age 17 or older, including adult dependents.) The advance payment of rebates is reduced by \$5 for every \$100 of income to the extent a taxpayer's income exceeds \$150,000 for a joint filer, \$112,500 for a head of household filer, and \$75,000 for anyone else (including single filers).

### **Does the phaseout apply to rebate amounts related to qualifying children?**

The phaseout (\$5 for every \$100 of income in excess of the relevant threshold) applies to the entire rebate amount, which includes rebate amounts related to qualifying children.

### **Is there a limit on the number of qualifying children taken into account?**

No. There is no statutory limit on the number of qualifying children taken into account for purposes of the rebates.

### **Do rebates need to be repaid?**

No, rebates do not need to be repaid. If an individual experienced an income gain in 2020 or if they have fewer dependents under 17, they will not need to repay any portion of the rebate that they received. 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 for the difference when the individual files their 2020 tax federal income tax return in 2021.

### **Are rebates subject to federal income tax?**

No. The rebates are federal income tax refunds and are not subject to federal income tax.

### **Will the rebates affect my eligibility for federal income-targeted programs?**

No, the rebate is considered a tax refund and is not counted towards eligibility for federal programs.

### **What identification requirements apply to receive rebates?**

Taxpayers must have SSNs for themselves and their qualifying children in order to receive rebates.

**Are families eligible for rebates when some (but not all) members have SSNs?**

In the case of mixed-status families where the filer has an SSN and the child does not, the filer should be able to claim the credit for the \$1,200 (\$2,400 if married) for themselves, but not the \$500 per child without an SSN. In the case of mixed-status families where the filer does not have an SSN and the child does, the rebate is not available except for military families where one spouse has an SSN.

**Are rebates subject to garnishment or offset for delinquent federal taxes?**

No.

**Are rebates subject to garnishment or offset for delinquent federal student loans?**

No.

**Are rebates subject to garnishment or offset for past-due child support owed to a state agency or the custodial parent?**

Yes.