

COVID-19: Understanding Economic Impact Payments

April 15, 2020

One of the economic stimulus provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 is an economic impact payment for individuals. This one-time payment has also been referred to as “recovery benefits” or the “economic stimulus payment.” It is a tax-year 2020 refund that is being paid in advance to individuals to help with current needs. There is a payment for individuals with additional funds for dependent children. The payment will be sent automatically to most people, others need to use a new non-filers option to claim the benefit. The IRS has started to make the automatic payments and the ‘non-filers option’ is available as of April 10.

Economic Impact Payment Overview

- The maximum payment amount is \$1,200 per adult, and \$500 per qualifying dependent child.
- Filers with adjusted gross income up to \$75,000 for individuals and up to \$150,000 for married couples filing jointly will receive the full payment.
- For filers with income above those amounts, the payment amount is reduced by \$5 for each \$100 above the \$75,000/\$150,000 thresholds.
- The payment does not count as income for SNAP, Medicaid, RI Works and other means-tested benefits.
- The payment will be sent automatically to people who filed a tax return in 2019 or for 2018, if the 2019 return has not yet been filed.
- Individuals who do not typically file tax returns can also receive the payment. These are:
 - Individuals who receive Social Security Retirement or Disability benefits or Railroad Retirement benefits will receive the payment automatically. If they have a qualifying dependent child, they need to use the ‘non-filers option’ to claim the \$500 payment.
 - These other individuals use the ‘non filers option’ to receive the payment:
 - People who receive RI Works cash assistance or GPA Bridge payments
 - People who receive SSI benefits*
 - People who receive Veterans disability compensation, pension or survivors benefits*
 - People who have no income
 - People who have income below the threshold for filing a return (\$12,200 for an individual, \$24,400 for a married couple). Note: filing a 2019 tax return may provide other credits including the Earned Income Tax Credit (EITC), yielding additional money.

** The IRS is exploring ways to see if the EIP can be made automatically to SSI recipients and veterans beneficiaries. Individuals can either use the new “non filers” option or wait to see if these payment can be made automatically.*

COMMON CONCERNS

Who is a qualified dependent child?

A child under age 17 is eligible for the \$500 payment. Note that others claimed as a tax dependent who are 17 or older, are not eligible. Usually students under age 24 are considered their parent's dependent if the parent pays for at least half of their expenses, and would not be eligible. However, a student who files their own taxes can receive the EIP as an individual.

Not everyone in my family has a Social Security Number (SSN), can we receive the payment?

Every member of the family on a tax return must have a valid SSN to qualify. The presence of any spouse or child without a SSN on tax filings (including those with an ITIN) makes the whole family ineligible for the payment. The only exceptions to this rule apply to families with military/veteran service members.

FOR PEOPLE WHO DO NOT FILE TAXES

I receive RI Works cash assistance or General Public Assistance (GPA) Bridge payments or have no income.

RI Works provides cash assistance to very low-income families who have children under age 18. RI Works recipients are eligible for the payment. The GPA bridge program provides \$200/month to individuals who receive Medicaid and have filed an application for SSI benefits. RI Works recipients, GPA recipients and people who have no income can use the new 'non-filers option' to register for the payment. See information in the box below.

I worked and made less than the limit necessary to file taxes. Should I use the non-filers option?

The tax filing thresholds are \$12,200 for an individual and \$24,400 for a married couple in 2019. However, if you had earnings in 2019 you may want to file a tax return so you can get other tax credits you may be eligible for like the Earned Income Tax Credit (for single adults and families with children) or the Child Tax Credit (for families with children), in addition to the Economic Impact Payment. You have until July 15 to file an income tax return.

I receive SSI benefits or Veterans Benefits.

SSI is the federal cash assistance program for people who cannot work due to a severe disability and for people age 65 or older. SSI can be a supplement to a Social Security Disability or Retirement payment, or can be the only benefit that the individual receives. Individuals who receive both SSI and a Social Security benefit will automatically receive the Economic Impact Payment.

Veteran's benefits include disability compensation, pension or survivors benefits from the Department of Veterans Affairs. The IRS is reviewing automatic payment options to simplify payments to SSI and Veterans benefits recipients. You can wait for the IRS to complete this process, or use the non-filers option now.

Applying for the Economic Payment Incentive if you do not File Income Taxes:

Go to IRS.gov and look for the "Non-Filers: Enter Payment Info Here" button.

<https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>

Provide basic information including social security number, name, address and dependents. If you have a bank account, enter the information so the IRS can deposit your payment directly into your account. Otherwise the payment will be mailed to you. There is no cost to use this portal.

FOR PEOPLE WHO HAVE FILED 2018 OR 2019 TAXES**I already filed 2018 and/or 2019 taxes, do I need to do anything?**

The IRS will calculate and automatically send the economic impact payment to you. If you have already filed your 2019 tax returns, the IRS will use this information to calculate the payment amount. If you have not yet filed your return for 2019, the IRS will use information from your 2018 tax filing to calculate the payment.

I filed my taxes, how do I get the money?

The economic impact payment will be deposited directly into the same bank account reflected on the return you filed. If you received your tax return by mail, the economic impact payment will be mailed to the same address.

ADDITIONAL QUESTIONS ABOUT THE ECONOMIC IMPACT PAYMENT**Will I get the \$500 for my newborn?**

Whether you receive the additional \$500 for a newborn depends on if you've filed taxes including the child since their birth. For example, if your child was born in 2019, and you filed taxes for 2019 already, you will receive the \$500 this year. If you haven't filed taxes yet, you won't lose the credit; it will be applied once you file, which may result in you receiving those funds in the next filing year. Children born in 2020 can be claimed once you file taxes at the end of the year, and you can receive the \$500 you missed out on at that time.

What if I owe past-due taxes or other debts?

The payment cannot be intercepted for past-due taxes, student loans or Unemployment Insurance overpayments. However, it can be intercepted for child support payments owed.

Will I end up owing the government for getting this credit?

The economic stimulus payment is based on 2020 tax filings, and is being distributed in advance by the IRS based on 2018 and 2019 tax filings to help people as soon as possible. While some people may end up being eligible for less or no money in 2020, if you receive the funds based on 2019 or 2018 filings, it will not need to be refunded. There is no claw back provision.

What if I earned too much money in 2018 or 2019 to claim the full rebate but my income drops in 2020?

The rebate is based on earnings and taxes paid for 2020. Therefore, if your income drops and you become eligible for the rebate or for more of the rebate, you will be able to claim this when filing taxes in 2021 for tax-year 2020. You will get the rebate, but not until next year.

What if my 2018/2019 income is above the limit?

Single filers with income exceeding \$99,000 (\$198,000 for joint filers) who do not have children are not eligible. If your 2020 income will be within the limits by December 31, 2020 due to a lay-off or other income loss, you will be eligible for the credit when you file your 2020 taxes, and will receive the credit at that time.

For more information visit: [IRS.gov](https://www.irs.gov)