

FAQ: PERSONAL RELIEF PAYMENTS

OVERVIEW

In response to the Coronavirus (COVID-19) pandemic, many Americans can expect a payment from the federal government. The purpose of this is to help with the economic impact to citizens of the COVID-19 pandemic. It is anticipated that the money will arrive at some point in the next three weeks. The amount with each person will receive is dependent on their individual circumstances. Here are some answers to important questions:

Who is eligible?

Persons who have filed taxes and who have an adjusted gross income up to \$75,000 for individuals and up to \$150,000 for married couples filing joint returns 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. Single filers with income exceeding \$99,000 and \$198,000 for joint filers with no children are not eligible. Social Security recipients and railroad retirees who are otherwise not required to file a tax return are also eligible and will not be required to file a return.

Seniors whose only income is from Social Security and veterans who rely solely on disability payments will receive the payments.

Who is not eligible?

The list of ineligible persons is small:

- Person whose income is above the threshold set in the CARES Act are obviously ineligible;
- Persons who do not have a Social Security number. Payments will only be made to persons who have a valid Social Security number;
- Dependents on someone else's tax return who are not a child. That will preclude payments for some elderly adults as well as students over age 16;
- The normal IRS rules for child support and tax refunds will apply, which means that payments for people who are behind on their child support obligation may be smaller or could be eliminated entirely; and
- Parents of children born in 2020 will not receive a payment for that child now. However, assuming they qualify based on their 2020 income, they would get \$500 added to their tax refund or subtracted from their income-tax bill when they file their 2020 tax returns in early 2021.

Other IRS liabilities won't come out of the payments. Individuals who owe back taxes should get the full amount for which they qualify.

What is the amount of the payment?

Eligible taxpayers – persons meeting the income guidelines - who filed tax returns for either 2019 or 2018 will **automatically** receive an economic impact payment of up to \$1,200 for individuals or \$2,400 for married couples and up to \$500 for each qualifying child. More specifically, individuals with adjusted gross incomes up to \$75,000 a year will be eligible for \$1,200. Reduced amounts will go out to individuals making less than \$99,000 a year. The payment amount is reduced by \$5 for every \$100 in income above \$75,000.

Married couples are eligible for \$2,400 as long as their adjusted gross income is less than \$150,000 a year. Reduced amounts, on a sliding scale, will be paid to married couples who earn up to \$198,000. Married couples also will receive an additional \$500 for every child under the age 17.

People who file as a “head of household” (typically single parents with children) are eligible for \$1,200 if they have an adjusted gross income up to \$112,500 a year. Reduced amounts on a sliding scale are available for heads of household earning up to \$136,500 annually. Heads of household will also receive an additional \$500 per child under the age of 17.

How will the payment be sent?

Most taxpayers do not need to take any action. The Internal Revenue Service (IRS) will calculate and automatically send the economic impact payment to those eligible. In most instances this will be done via direct deposit.

For people who have already filed their 2019 tax returns, the IRS will use this information to calculate the payment amount. For those who have not yet filed their return for 2019, the IRS will use information from their 2018 tax filing to calculate the payment. The economic impact payment will be deposited directly into the same banking account reflected on the return filed.

When will the payments be sent?

The IRS has not yet announced a schedule, but they could start issuing payments within the next three weeks. The agency will be able to move fastest for people who have filed 2019 tax returns with direct-deposit information and significantly slower for those who will need paper checks.

It has not been decided, but there may be the option of using pre-loaded debit cards to send the payments to people who don't have bank accounts.

What options are there beyond direct deposit?

In the coming weeks the Department of the Treasury will develop a web-based portal for individuals to provide their banking information to the IRS online, so that individuals can receive payments immediately as opposed to checks in the mail.

Are there options for persons who do not typically file a tax return?

Yes. People who receive Social Security benefits but don't file tax return are still eligible, too. They don't need to file taxes; their checks will be based on information provided by the Social Security Administration.

The IRS will use the information on the Form SSA-1099 or Form RRB-1099 to generate Economic Impact Payments to recipients of benefits reflected in the Form SSA-1099 or Form RRB-1099 who are not required to file a tax return and did not file a return for 2018 or 2019. This includes senior citizens, Social Security recipients and railroad retirees who are not otherwise required to file a tax return.

Since the IRS would not have information regarding any dependents for these people, each person would receive \$1,200 per person, without the additional amount for any dependents at this time.

Americans who don't earn enough to be required to file a tax return can submit one to the IRS now to make sure the agency has accurate information on them.

Are you required to have filed your 2019 taxes?

No. The cash payments are based on *either* your 2018 or 2019 tax filings. If you have filed a tax return for 2019, the IRS will use that information to calculate your payment. This will include any information provided regarding your income, marital status and dependents. For those who haven't submitted tax documents this year, the IRS will use data from your 2018 filing.

How long are the economic impact payments available?

These economic impact payments will be available throughout the rest of 2020.

Will the payments be taxable?

No. These payments will not be taxed as they are not considered income.

What happens if the payment does not show up?

If a payment doesn't hit your bank account or mailbox, or you get less than you think you're owed, you can make claim for what you think you're owed on the tax return you file in 2021.

What about fluctuating income?

The advance payments will be determined based on 2019 income—or 2018 income if that is all that is available to IRS—and the final amount of the benefits will be determined based on 2020 income and settled on the 2020 tax return.

So people who ultimately qualify for more money than they receive this year—a person whose income drops from \$100,000 to \$70,000, for example—would get the rest through a larger tax refund or smaller tax payment in early 2021.

But people who ultimately qualify for less money than they got this year—a person whose income rises from \$70,000 to \$100,000—wouldn't have to pay it back.

What resources are available?

IRS.gov/coronavirus

<https://www.washingtonpost.com/graphics/business/coronavirus-stimulus-check-calculator>

In response to the COVID-19 coronavirus crisis all Regional Taxpayer Assistance Centers are closed until further notice to ensure the continued safety and health of IRS employees and taxpayers.

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