

IRM PROCEDURAL UPDATE

DATE: 08/26/2020

NUMBER: wi-21-0820-0941

SUBJECT: Economic Impact Payment

AFFECTED IRM(s)/SUBSECTION(s): 21.6.3.4.2.13

CHANGE(s):

IRM 21.6.3.4.2.13 - Added note regarding federal benefit recipients filing a return to get a supplemental \$500 payment.

1. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), created IRC § 6428, which provides for a recovery rebate credit for eligible individuals. The credit amount is equal to the sum of \$1,200 (\$2,400 for married filing jointly), plus an additional \$500 for each qualifying child. The credit is subject to limitations.
2. The CARES Act allows for advance payment of the recovery rebate credit (referred to as Economic Impact Payments (EIP)). Taxpayers will report the recovery rebate credit on their tax year 2020 return and reduce the credit by the Economic Impact Payment. Any remaining credit will be allowed on the tax year 2020 return. If the taxpayer received more Economic Impact Payment than they were entitled to, no repayment will be required.

EXCEPTION: For those taxpayers who received the Economic Impact Payment but were not eligible, advise the taxpayer return or repay the payment.

3. Economic Impact Payments began April 10, 2020. The payment is based on:
 - a. A posted tax year 2019 return (2018 return if 2019 was not filed) as filed, or as allowed by the Error Resolution System (ERS). The payment takes into consideration updated AGI (as adjusted), but not updated filing status or child tax credit data.

EXAMPLE: ERS removed a child at filing, thus reducing the number of dependents who qualify for the Child Tax Credit (CTC). The taxpayer called the Service to correct the error and CTC was allowed. The Economic Impact Payment will not take the correction of the error into consideration.

- b. Form SSA-1099 or Form RRB-1099 data on file for tax year 2019 (for taxpayers who do not have to file a 2019 or 2018 return). The Service allowed a \$1,200 payment if eligibility was met. Payments are made

as if the taxpayer currently receives those benefits, either as direct deposit or paper check.

- c. Individuals receiving Supplemental Security Income (SSI) and income from the Veterans Administration (VA). This group includes veterans, surviving spouses, surviving parents, and surviving children. The Service allowed a \$1,200 payment if eligibility was met. Payments are made as if the taxpayer currently receives those benefits, either as direct deposit or paper check.

NOTE: Federal benefit recipients who were unable to provide information about their children can file a return, or use the Non-Filers Tool, through September 30 to provide information on their qualifying children to receive a supplemental \$500 payment for each qualifying child.

The refund is issued from the tax year 2020 module (tax year 202101 - 202111 for fiscal year filers) and can only offset to child support. No Economic Impact Payments are allowed after Dec. 31, 2020, and no credit interest is allowed. See IRM 21.6.3.4.2.13.1, *Economic Impact Payments - Account Information*, for the transaction codes used to identify the payment.

4. An **eligible individual** is any individual other than:
 - o a non-resident alien
 - o a deceased individual
 - o an incarcerated individual
 - o an individual who can be claimed as a dependent on another tax return
 - o a filer of Form 1040-NR, 1040-PR, or 1040SS
 - o an estate or trust

NOTE: For joint returns, if one spouse meets eligibility requirements and the other does not, the eligible spouse is legally entitled to \$1,200. However, programming does not determine which spouse qualifies, so no payment is issued. Either, or both of the spouses, if eligible, can claim the recovery rebate credit on the 2020 return.

REMINDER: Taxpayers who received less payment than entitled to in 2020 can claim the difference, as the recovery rebate credit, on their 2020 tax return.

5. Taxpayers must have a valid SSN assigned before July 15, 2020, or October 15, 2020, if an extension was filed. If a joint return is filed and only one spouse has a valid SSN, **no** Economic Impact Payment will be issued.

EXCEPTION: For joint filers, if either spouse is a member of the Armed Forces at any time during the taxable year, then only one spouse needs to have a valid SSN. Members of the Armed Forces can be identified with a TC 971 AC 162 in the entity (Command Code ENMOD or IMFOLE).

6. **Qualifying children** are those that qualify for the child tax credit, as shown in IRM 21.6.3.4.1.24.1, *CTC - Qualifications*. However, for Economic Impact Payments, an ATIN is allowed and can be issued at any time.
7. **Limitation** - the Economic Impact Payment is reduced by 5 percent of the taxpayer's AGI exceeding:
 - o \$150,000 for joint filers (filing status 2)
 - o \$112,500 for head of household filers (filing status 4) or head of household filers who don't claim a dependent (filing status 7)
 - o \$75,000 for other filers (other than filing status 2, 4, or 7)

EXAMPLE: A single taxpayer with no qualifying children, AGI is \$90,000.
\$90,000 minus the \$75,000 limitation = \$15,000.
\$15,000 x 5 percent = \$750.
The taxpayer's payment is \$450 (\$1,200 reduced by \$750).

EXAMPLE: Married filing jointly return with two qualifying children, AGI of \$160,000.
\$160,000 minus the \$150,000 limitation = \$10,000.
\$10,000 x 5 percent = \$500.
The taxpayer's payment is \$2,900 (\$2,400 for the base amount plus \$500 for each child, reduced by \$500).

EXAMPLE: A head of household taxpayer with two qualifying children, AGI is \$155,000.
\$155,000 minus the \$112,500 limitation = \$42,500.
\$42,500 x 5 percent = \$2,125.
The taxpayer's payment is \$75 (\$1,200 for the base amount, plus \$500 for each child, reduced by \$2,125).

8. Individuals who don't normally file a return can use the Non-Filers Tool on [irs.gov](https://www.irs.gov) to register for an Economic Impact Payment. The taxpayer will enter basic information, such as SSN, name, address, and number of dependents, which creates a basic 2019 Form 1040 filing. The Service will use this information to determine eligibility and calculate the payment.

NOTE: Returns filed using the "Non-Filers Tool" can be identified with \$1 of taxable interest income, \$1 total income, and \$1 AGI.

If a taxpayer used the tool in error and needs to file a 2019 return, advise them to file a paper Form 1040 with "Amended EIP Return" notated at the top center of the return. Amended return processing timeframes apply. See IRM 21.5.3.4.17, *Amended Economic Impact Payment (EIP) Return*, for processing procedures.

Taxpayers who have been issued an Identity Protection Personal Identification Number (IP PIN) must enter their IP PIN on the tool. If the taxpayer lost or never received their IP PIN, they should use the Get an IP PIN tool on [irs.gov](https://www.irs.gov) to retrieve it.

9. Before disclosing any account information, refer to IRM 21.1.3.2.3, *Required Taxpayer Authentication*.
10. If you receive an Economic Impact Payment related call from a limited English proficient taxpayer, you may need to transfer the customer to the Over the Phone Interpreter (OPI) Economic Impact Payment application (App 123). Customers who do not speak English or Spanish may require an interpreter to assist with the call.
 - If you are not staffing Application 123, the taxpayer does not speak English or Spanish, and requires an interpreter, transfer the call to 1123.
 - If you have an OPI PIN and are staffing the OPI application, follow procedures in IRM 21.8.1.2.3.2, *Over the Phone Interpreter Service (OPI) For International Non- Toll Free calls*. Address all Economic Impact Payment inquiries, even if it is determined that account research or connecting with an interpreter is not necessary.
11. A new phone number was created for Economic Impact Payments. Taxpayers can call 800-919-9835, between the hours of 7:00 AM and 7:00 PM local time (Alaska and Hawaii follow Pacific time), with questions related to the payment. Taxpayers may also refer to www.irs.gov/coronavirus tax relief and economic impact payments for additional information. Employees may also refer to COVID-19 for additional information and updates.