



HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

Second Round of Economic Impact Payments: Frequently Asked Questions

When and how will the additional economic impact payments (EIPs) be distributed?

As with the EIPs issued under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Internal Revenue Service (IRS) will work to deliver these additional EIPs quickly in the form of advance payments. The IRS will endeavor to make automatic payments in late 2020/early 2021 to eligible individuals who (a) filed a federal income tax return for 2019, (b) registered for the first round of payments through the IRS's non-filer portal, or (c) receive Social Security, Supplemental Security Income (SSI), Railroad Retirement Board (RRB), or Veterans Affairs (VA) benefits. These payments will be based on payment or address information already on file with the IRS, Social Security Administration, RRB, or VA.

Electronic distributions will automatically be made to an account the payee authorized on January 1, 2019 or later. Individuals who do not receive an advance payment automatically will be able to claim a credit for their EIP amount on their 2020 federal income tax return.

If my income was lower in 2020 than in 2019, how does that affect my EIP?

The EIP amount to which you are entitled is determined by your 2020 income. As described above, many individuals and families will receive payment automatically in early 2021 based on their 2019 tax return information. Accordingly, for individuals and families who experienced a drop in income between 2019 and 2020, the EIP amount they receive automatically may be less than what they are entitled to based on their 2020 income. Taxpayers can claim a credit on their 2020 federal income tax return for the difference between (a) the amount they are entitled to under law and (b) the amount they received as an advanced payment.

How large are the EIPs?

The size of your EIP depends on your adjusted gross income and family size. The maximum payment amount is \$600 for each taxpayer (\$1,200 for joint filers), and \$600 per qualifying child. The payment is reduced by \$5 for every \$100 of income above the following thresholds: \$150,000 for joint filers, \$112,500 for a head of household filer, and \$75,000 for single filers.

Depending on your circumstances, the EIP amount that you receive may be less than what you are entitled to under law. If you experienced an income loss in 2020 or had an increase in family size, you may be able to claim an additional credit for the difference on your 2020 federal income tax return.

Does the phaseout apply to EIP amounts related to qualifying children?

Yes. The phaseout (\$5 for every \$100 of income in excess of the relevant thresholds) applies to the entire EIP amount, which includes the portion related to qualifying dependents.

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

No.

Are EIPs subject to federal income tax?

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

How will EIPs be delivered?

It depends. EIPs will be delivered automatically – by the IRS – to most Americans who file individual federal income tax returns. When available, electronic direct deposit will be used in place of mailing a paper check. If you are entitled to an EIP but do not receive an advance payment or received an incomplete payment, you can claim a credit on your 2020 federal income tax return for the amount to which you are entitled.

Many individuals don't need to file a tax return. Are non-filers eligible for EIPs?

Yes. As with the EIPs issued under the CARES Act, there is no earned income requirement to be eligible for this EIP. Non-filers who are Social Security, SSI, RRB, and VA beneficiaries will be paid automatically by the IRS. Individuals who used the non-filer portal to receive their first EIP under the CARES Act will also be paid automatically. Individuals who believe they are eligible for an EIP but did not receive one in the first round can file a 2020 tax return to access their EIPs, even if they otherwise would not be required to file a tax return. The IRS will conduct a public awareness campaign to reach non-filers and provide them with information on how they can access EIPs.

How will a person who has recently moved access the EIP?

If a person has provided direct deposit information on a 2019 income tax return that has been processed, the IRS will use that information to issue an electronic payment. Otherwise, generally, a person should look at IRS's website for guidance on providing direct deposit information or a change of address to the IRS.

Will the EIP affect my eligibility for federal income-targeted programs?

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

What are the identification requirements to receive an EIP?

A taxpayer must provide a Social Security number (SSN) in order to receive an EIP and must provide SSNs for any qualifying children in order to receive payment for those children.

What if some, but not all, of my family members have SSNs?

This legislation modifies the taxpayer identification requirement in the CARES Act to include families where some, but not all, members have SSNs. For couples filing jointly, at least one

spouse must provide a valid SSN to receive their portion of the payment or credit. For taxpayers with qualifying children, at least one spouse must provide a valid SSN plus the SSN for each qualifying child.

This modification is made retroactively to the date of enactment of the CARES Act, meaning that it also applies to the first round of EIPs. Eligible families who did not receive an EIP earlier this year because one spouse does not have an SSN will be able to claim a credit on their 2020 tax return.