



## Rebate Checks from the IRS

You've probably heard that IRS will be making millions of "economic impact payments" (also called "recovery rebates") in the coming months to help people stay afloat during this time of economic uncertainty related to the COVID-19 crisis. Here's what you need to know about this program.

**Amount of payment:** IRS will soon begin making payments of up to \$1,200 to eligible taxpayers or up to \$2,400 to married couples filing joint returns. Parents will get an additional \$500 for each dependent child under age 17. Thus, the payment for a married couple with two children under 17 will be \$3,400.

**Who is eligible:** U.S. citizens and residents are eligible for a full payment if their adjusted gross income (AGI) is under \$75,000 for singles or married filing separately; under \$122,500 for heads of household; or under \$150,000 for joint filers. The individual must not be the dependent of another taxpayer and must have a social security number that authorizes employment in the U.S.

**Phaseout based on income:** For individuals whose AGI exceeds the above thresholds, the payment amount is phased out at the rate of \$5 for each \$100 of income. Thus, the payment is completely phased out for single filers with AGI over \$99,000 and for joint filers with no children with AGI over \$198,000. For a married couple with two children, the payment will be completely phased out if their AGI exceeds \$218,000.

**How to get a payment:** The vast majority of people won't have to do anything in order to get an economic impact payment. IRS will calculate and send the payment automatically to those who are eligible.

**Eligibility Information:** If you've already filed your 2019 tax return, IRS will use the AGI and dependents from that return to calculate the payment amount. If you haven't filed for 2019 yet, information from your 2018 return will be used. People who are not otherwise required to file a tax return will need to file a simple return to receive an economic impact payment. However, if you receive Social Security

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or Railroad Retirement Benefits, you do NOT need to do anything further. You will automatically receive your \$1,200 payment. If you aren't eligible based on your 2019 (or 2018 if you haven't filed 2019) return, you may still receive a payment when you file your 2020 individual income tax return. Please see "2020 Reconciliation below".

**Payment Information:** IRS will deposit the payment directly into the bank account reflected on the return. IRS plans to develop a web-based portal for individuals to provide banking information to IRS or to change the information on file, so that payments can be received as a direct deposit rather than by check sent in the mail. Continue to check the IRS information page if you want to provide your banking information in order to receive the payment through direct deposit.

**Payments nontaxable:** Economic impact payments will not be included in the recipient's income for tax purposes.

**2020 Reconciliation:** When you file your 2020 tax return, there will be a section to calculate the rebate amount using your 2020 status, income and dependents. If you should have received a check and didn't, or if you should have received more money than you did, you will get the additional amount in the form of a refundable credit on your 2020 return. If it turns out you received more money than you should, you won't have to pay any back.

For more information and answers to frequently asked question, please check the IRS website at: <https://www.irs.gov/coronavirus>

Please let us know if you have any questions about the economic impact payments or any other COVID-19 issues.