

IRS Announces Automated Stimulus Payments Are on the Way – Some May Still Need to File a Return to Obtain Their Payment

By John B. Waters

On March 30, 2020 the IRS announced that it will automatically begin distributing economic impact payments in the next three weeks. This alert outlines important information regarding the stimulus payments, please share the information below with your employees if they have any questions.

Persons who do not normally file an income tax return (such as low-income taxpayers, veterans, and individuals with disabilities) will need to submit a simplified tax return to receive their stimulus payment. Social Security recipients who did not need to file a return will automatically receive their payments.

Eligibility Requirements

A taxpayer's eligibility for economic impact payments depends upon their adjusted gross income. The full payment will be made to single filers with adjusted gross income up to \$75,000 and married-couples filing joint returns with adjusted gross income of \$150,000. The payment is up to \$1,200 for individuals or \$2,400 for married couples plus an additional \$500 for each qualifying child. The payment amount is reduced by \$5 for each \$100 above the threshold, i.e., it is not available to single filers with income over \$99,000 and joint filers without children with income above \$198,000.

IRS Calculation and Delivery of Payments

The IRS will automatically calculate the payments based on the recipient's 2019 tax return (or 2018 return, if their 2019 return has not been filed) and deposit it to the account stated on the return. If someone is required to, but has not yet filed, their 2018 or 2019 return with their deposit information, they are encouraged to do so to receive their automated payment. The IRS will develop a web-based portal for individuals to provide their banking information to the IRS to receive their payments.

Persons Other than Social Security Recipients Who Did Not Need to File a 2018 return will Need To File a 2019 Simplified Return to Obtain their Stimulus Payment

Low-income taxpayers, some veterans and individuals with disabilities who are otherwise not required to file a tax return will need to file a simplified 2019 return in order to obtain their stimulus payment. The IRS will publish instructions on its website to enable such persons to file a 2019 return to receive such payments.

Social Security Recipients Who Did Not Need to File a 2018 or 2019 Return Will Automatically Receive Their Stimulus Payments

On April 1, 2020 the IRS announced that Social Security beneficiaries who are not typically required to file tax returns and who did not file a 2018 or 2019 return will not need to file a simplified tax return to receive a stimulus payment. Instead, the IRS will use the information on Form SSA-1099 and Form RRB-

1099 to generate the stimulus payments which will be paid to such social security beneficiaries as a direct deposit or by paper check, in the same manner as they normally receive their social security benefits.

Stimulus payments will be available throughout 2020.