



HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

2020 Rebates: Most Frequently Asked Questions

Updated on April 16, 2020

Why is the Internal Revenue Service (IRS) paying rebates to individuals?

The public health and economic consequences of COVID-19 are significant. These rebates will help Americans afford what they need during this public health crisis, as many are experiencing a significant cash crunch.

How many rebates will be made?

The Department of the Treasury (Treasury) and the IRS initially estimated that there would be 171 million rebate payments under the CARES Act and that 101 million of these payments would be paid by paper check unless the IRS receives direct deposit information for these payments before a paper check is mailed. However, these estimates seem low given the following populations:

- 145-150 million taxpayers who file returns below the CARES Act income thresholds;
- 25-30 million Social Security beneficiaries and SSI recipients who do not file returns;
- 14-15 million non-filers who are below the filing threshold;
- 6 million veterans (undetermined number of non-filers); and
- 500,000-600,000 individuals who receive benefits from the Railroad Retirement Board (undetermined number of non-filers).

When will the rebates be distributed?

The IRS is working to deliver rebates quickly. Some individuals have received their rebates through direct deposit this week (the week of April 13). The IRS plans to make additional rounds of payments by direct deposit and paper checks weekly.

Initially, these additional rounds of payments will be made by direct deposit to taxpayers who provide direct deposit information in one of the two IRS portals (described in more detail below) or those who file a 2019 federal income tax return with direct deposit information.

Treasury also plans to start mailing paper checks the week of April 20 at a rate of about 5 million per week.

It is also expected that most Social Security retirement, survivors, and disability insurance beneficiaries will receive their rebates through direct deposit in the next few weeks. Supplemental Security Income (SSI) beneficiaries will receive their rebates no later than early May.

The IRS will notify an individual by mail after the payment has been made to them.

How many rebates were made by direct deposit to date in the first round of payments?

Treasury has reported that “over 80 million Americans” will have rebates deposited into their bank accounts the week of April 13.

How will rebates be delivered?

It depends. Rebates will be delivered automatically—by the IRS—to most Americans. When available, electronic direct deposit will be used in place of mailing a physical check. As discussed in more detail below, the IRS has two online portals for individuals who have not already provided direct deposit information to the IRS to do so. For people who (1) filed a federal income tax return in 2018 or 2019 or (2) receive benefits from the Social Security Administration or Railroad Retirement Board, rebate processing will be based on payment or address information already on file with the IRS, Social Security Administration, or Railroad Retirement Board. Electronic distributions will be automatic to an account the payee authorized on or after January 1, 2018.

How can I provide the IRS my direct deposit information?

The IRS has two online portals that will allow individuals to provide their direct deposit information to the IRS: (1) *Get My Payment* (for tax filers who did not provide direct deposit information on their 2018 or 2019 return) and (2) *Non-Filers: Enter Payment Info* (for individuals who are not required to file tax returns). Also, taxpayers expecting a tax refund for 2019 can provide their direct deposit information to the IRS by filing a 2019 federal income tax return if they have not already done so in lieu of using the *Get My Payment* portal.

What is the difference between the two new IRS portals?

On April 10, the IRS launched *Non-Filers: Enter Payment Info* for individuals who are not required to file tax returns. This portal will allow non-filers to register for their rebate payments and provide the IRS their name, address, Social Security Number, adjusted gross income, information about dependents, marital status, and direct deposit information. On April 15, the IRS launched—*Get My Payment*—for individuals who filed tax returns in 2019 or 2018. This portal allows taxpayers to find out the status of their rebate. This portal also allows taxpayers to update their banking information if (1) no payment or check has been issued and (2) the IRS does not have any banking information on file for the taxpayer. Social Security and SSI beneficiaries will also be able to use this portal to learn about the status of their payment once processed.

When can I expect to receive my rebate if I use one of the portals to provide my direct deposit information?

The IRS told Committee staff that it processes new payment information every Thursday evening. If an individual updates his or her direct deposit information by Thursday of a week, such person should expect to receive his or her rebate sometime the following week.

How large are the rebates?

The amount of the rebate depends on adjusted gross income and family size. The payment is \$1,200 for each adult individual (\$2,400 for joint filers), and \$500 per qualifying child under age 17. (Rebates are not available with respect to dependents age 17 or older, including adult dependents.) The advance payment of rebates is reduced by \$5 for every \$100 of income to the extent a taxpayer's income exceeds \$150,000 for a joint filer, \$112,500 for a head of household filer, and \$75,000 for anyone else (including single filers).

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

The phaseout (\$5 for every \$100 of income in excess of the relevant threshold) applies to the entire rebate amount, which includes rebate amounts related to qualifying children.

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

No. There is no statutory limit on the number of qualifying children taken into account for purposes of the rebates.

Do rebates need to be repaid?

No, rebates do not need to be repaid. If an individual experienced an income gain in 2020 or if they have fewer dependents under 17, they will not need to repay any portion of the rebate that they received. If an individual experienced an income loss in 2020 or if they have an increase in family size, they may be able to claim an additional credit for the difference when the individual files their 2020 tax federal income tax return in 2021.

Are rebates subject to federal income tax?

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

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

Yes. There is no earned income requirement to be eligible for a rebate. Non-filers who receive Social Security, Supplemental Security Income (SSI), or Railroad Retirement benefits will be paid automatically by the IRS. However, many other non-filers may need to take additional steps to receive their rebates. On April 10, the IRS launched an online portal called *Non-Filers: Enter Payment Info* for non-filers to register for their rebate. This portal can be found here: <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>. When non-filers have registered, the IRS will send the rebate to the direct deposit account provided or, if none, to the address provided. The IRS will conduct a public awareness campaign to reach non-filers and provide them with information on how they can access rebates. This process is still evolving, and the IRS is posting specific guidance at <https://www.irs.gov/coronavirus>.

How will a person who recently has moved access rebates?

The IRS is attempting to pay as many individuals as possible through direct deposit rather than by mailing paper checks. If the person provided direct deposit information on their 2019 or 2018 tax return, the IRS will use that information to make the payment rather than mailing a paper check. If the person did not provide direct deposit information on their 2019 or 2018 return but wishes to receive electronic payment, the IRS has launched a portal called *Get My Payment* where they can provide their banking information. Taxpayers will not be able to update their

address or any banking information the IRS already has through the *Get My Payment* portal. Taxpayers can notify the IRS of a change in address by following the steps described here: <https://www.irs.gov/taxtopics/tc157>.

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

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

What identification requirements apply to receive rebates?

Taxpayers must have Social Security numbers (SSNs) for themselves and their qualifying children in order to receive rebates.

Are families eligible for rebates when some (but not all) members have SSNs?

In the case of mixed-status families where the filer has an SSN and the child does not, the filer should be able to claim the credit for the \$1,200 (\$2,400 if married) for themselves, but not the \$500 per child without an SSN. In the case of mixed-status families where the filer does not have an SSN and the child does, the rebate is not available except for military families where one spouse has an SSN.

Are rebates subject to garnishment or offset for delinquent federal taxes?

No.

Are rebates subject to garnishment or offset for delinquent federal student loans?

No.

Are rebates subject to garnishment or offset for past due child support owed to the state agency or the custodial parent?

Yes.