



HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

Economic Impact Payments

As of December 21, 2020

First Round of EIPs

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which authorized economic impact payments (EIPs) of \$1,200 for eligible individuals (\$2,400 for joint filers), plus an additional \$500 for each child under the age of 17. In order to issue payments as quickly as possible, the Internal Revenue Service (IRS) used 2019 tax return information to determine a taxpayer's income and family size (or 2018 tax return information if a taxpayer had not yet filed for 2019). For individuals who are not required to file tax returns, the IRS (a) established a portal for non-filers to register and (b) paid certain government beneficiaries automatically with information received from other federal agencies.

Second Round of EIPs

On December 21, 2020, Congress authorized a second round of EIPs. Eligible individuals will receive \$600 (\$1,200 for joint filers), plus an additional \$600 for each child under the age of 17.

The IRS plans to begin issuing payments early next week and will continue making advance payments into January 2021. Payments generally will be sent automatically to eligible individuals who (a) filed a 2019 tax return that has been processed by the IRS, (b) registered for the first round of EIPs through the IRS's non-filer portal, or (c) receive Social Security, Supplemental Security Income, Railroad Retirement Board, or Veterans Affairs benefits. When available, electronic direct deposit will be used in place of mailing a paper check.

Differences from First Round:

- Under the CARES Act, if one spouse did not provide a Social Security number (SSN), that family could not receive an EIP. The new legislation modified this requirement so that if only one spouse provides an SSN, that spouse will be entitled to receive their portion of the EIP as well as an amount for any qualifying children with SSNs. This change was also made retroactively to the CARES Act, so these families will be able to also claim a first round EIP on their 2020 tax return for eligible family members (see below).
- Unlike in the first round of EIPs, advance payments made in the second round will not be subject to offset for past-due child support owed and are expressly exempt from garnishment.

True-Up on 2020 Tax Return

Both rounds of EIPs were structured as advance payments of a 2020 tax credit. Therefore, eligible individuals will be able to claim a credit on their 2020 tax return if they either (a) did not receive an EIP or (b) received only a portion of the full amount to which they would be entitled. Taxpayers may be entitled to a larger amount based on, among other things, their 2020 income, an increase in the number of qualifying children, or the changes to the CARES Act's identification requirements. True-up amounts will be included in a taxpayer's general income tax refund and will be subject to the garnishment and offset rules that generally apply to federal income tax refunds.