

Stimulus Package Information from the IRS as of 3/4/08

IRS Will Send Stimulus Payments Automatically Starting in May; Eligible Taxpayers Must File a 2007 Tax Return to Receive Rebate

IR-2008-18, Feb. 13, 2008

WASHINGTON — The Internal Revenue Service today advised taxpayers that in most cases they will not have to do anything extra this year to get the economic stimulus payments beginning in May.

“If you are eligible for a payment, all you have to do is file a 2007 tax return and the IRS will do the rest,” said Acting IRS Commissioner Linda Stiff.

The IRS will use information on the 2007 tax return filed by the taxpayer to determine eligibility and calculate the amount of the stimulus payments.

The IRS will begin sending taxpayers their payments in early May after the current tax season concludes. Payments to more than 130 million taxpayers will continue over several weeks during the spring and summer. A payment schedule for taxpayers will be announced in the near future.

Stimulus payments will be direct deposited for taxpayers selecting that option when filing their 2007 tax returns. Taxpayers who have already filed with direct deposit won't need to do anything else to receive the stimulus payment. For taxpayers who haven't filed their 2007 returns yet, the IRS reminds them that direct deposit is the fastest way to get both regular refunds and stimulus payments.

Most taxpayers just need to file a 2007 tax return as usual. No other action, extra form or call is necessary. This Web site will be the best information source for all updates and taxpayer questions.

In most cases, the payment will equal the amount of tax liability on the tax return, with a maximum amount of \$600 for individuals (\$1,200 for taxpayers who file a joint return).

The law also allows for payments for select taxpayers who have no tax liability, such as low-income workers or those who receive Social Security benefits or veterans' disability compensation, pension or survivors' benefits received from the Department of Veterans Affairs in 2007. These taxpayers will be eligible to receive a payment of \$300 (\$600 on a joint return) if they had at least \$3,000 of qualifying income.

Qualifying income includes Social Security benefits, certain Railroad Retirement benefits, certain veterans' benefits and earned income, such as income from wages, salaries, tips and self-employment. While these people may not be normally required to file a tax return because they do not meet the filing requirement, the IRS emphasizes they must file a 2007 return in order to receive a payment.

Recipients of Social Security, certain Railroad Retirement and certain veterans' benefits should report their 2007 benefits on Line 14a of Form 1040A or Line 20a of Form 1040. Taxpayers who already have filed but failed to report these benefits can file an amended return by using Form 1040X. The IRS is working with the Social Security Administration and Department of Veterans Affairs to ensure that recipients are aware of this issue.

“Some people receiving Social Security and veterans' benefits may not realize they will need to file a tax return to get the stimulus payment,” Stiff said. “To reach these people, the IRS and Treasury will work closely with the Department of Veterans Affairs, the Social Security

Administration and key beneficiary groups on outreach efforts.”

Eligible taxpayers who qualify for a payment will receive an additional \$300 for each child who qualifies for the child tax credit.

Payments to higher income taxpayers will be reduced by 5 percent of the amount of adjusted gross income above \$75,000 for individuals and \$150,000 for those filing jointly.

Taxpayers must have valid Social Security Numbers to qualify for the stimulus payment. If married filing jointly, both taxpayers must have a valid Social Security Number. And, children must have valid Social Security Numbers to be eligible as qualifying children.

Taxpayers who file their tax returns using an Individual Taxpayer Identification Number issued by the IRS or any number issued by the IRS are ineligible. Also ineligible are individuals who can be claimed as dependents on someone else's return, or taxpayers who file Form 1040-NR, 1040-PR or 1040-SS.

To accommodate taxpayers who file tax returns later in the year, the IRS will continue sending payments until December 31, 2008. The IRS also cautions taxpayers that if they file their 2007 tax return and then move their residence that they should file a change of address card with the U.S. Postal Service.

The IRS will mail two informational notices to taxpayers advising them of the stimulus payments. However, taxpayers should be alert for tax rebate scams such as telephone calls or e-mails claiming to be from the IRS and asking for sensitive financial information. The IRS will not call or e-mail taxpayers about these payments nor will it ask for financial information. Scam e-mails and information about scam calls should be forwarded to phishing@irs.gov.

Related Items:

- [FS-2008-15](#), Facts about the 2008 Stimulus Payments
- [FS-2008-16](#), Stimulus Payments: Instructions for Low-Income Workers and Recipients of Social Security and Certain Veterans' Benefits
- [Tax forms and instructions](#)

Facts about the 2008 Stimulus Payments

FS-2008-15, February 2008

Starting in May, the Treasury will begin sending economic stimulus payments to more than 130 million individuals. The stimulus payments will go out through the late spring and summer.

The vast majority of Americans who qualify for an economic stimulus payment will not have to do anything other than file their 2007 individual income tax return to receive their payment this year. They will not have to complete applications, file any extra forms or call the Internal Revenue Service to request the payment, which is automatic. The IRS will determine eligibility, figure the amount and issue the payment.

Stimulus payments will be direct deposited for taxpayers selecting that option when filing their 2007 tax returns. Taxpayers who have already filed with direct deposit won't need to do anything else to receive the stimulus payment. For taxpayers who haven't filed their 2007

returns yet, the IRS reminds them that direct deposit is the fastest way to get both regular refunds and stimulus payments.

Basic Eligibility

The IRS will use the 2007 tax return to determine eligibility and calculate the basic amount of the payment. In most cases, the payment will equal the amount of tax liability on the return with a maximum amount of \$600 for individuals (\$1,200 for taxpayers who file a joint return) and a minimum of \$300 for individuals (\$600 for taxpayers who file a joint return).

Even those who have little or no tax liability may qualify for a minimum payment of \$300 (\$600 if filing a joint return) if their tax return reflects \$3,000 or more in qualifying income. For the purpose of the stimulus payments, qualifying income consists of earned income such as wages and net self-employment income as well as Social Security or certain Railroad Retirement benefits and veterans' disability compensation, pension or survivors' benefits received from the Department of Veterans Affairs in 2007. However, Supplemental Security Income (SSI) does not count as qualifying income for the stimulus payment.

Low-income workers who have earned income above \$3,000 but do not have a regular filing requirement must file a 2007 tax return to receive the minimum stimulus payment. Similarly, Social Security recipients, certain Railroad retirees, and those who receive the veterans' benefits mentioned above must file a 2007 return in order to notify the IRS of their qualifying income.

The IRS emphasized that people with no filing requirement who turn in a tax return to qualify for the economic stimulus payment will not get a tax bill. People in this category will not owe money because of the stimulus payment.

Additional Payments for Parents and Others with Qualifying Children

Parents and anyone else eligible for a stimulus payment will also receive an additional \$300 for each qualifying child. To qualify, a child must be eligible under the Child Tax Credit and have a valid Social Security number.

Limitation

To be eligible for a stimulus payment, taxpayers must have valid Social Security numbers. Anyone who does not have a valid Social Security number, including those who file using an Individual Taxpayer Identification Number (ITIN), an Adoption Taxpayer Identification Number (ATIN) or any other identification number issued by the IRS is not eligible for this payment.

Both individuals listed on a married filing jointly return must have valid Social Security numbers to qualify for a stimulus payment.

Eligibility for the stimulus payment is subject to maximum income limits. The payment, including the basic amount and the amount for qualifying children, will be reduced by 5 percent of the amount of income in excess of \$75,000 for individuals and \$150,000 for those with a Married Filing Jointly filing status.

Individuals who pay no tax and who have less than \$3,000 of qualifying income will not be eligible for the stimulus payment.

Special Circumstances for Recipients of Social Security, Railroad Retirement and Certain Veterans Benefits

Individuals who receive Social Security benefits, Railroad Retirement benefits and certain veterans' benefits may have to follow special filing requirements in order to receive the basic amount:

- Those who have already filed a 2007 return reflecting qualifying income of \$3,000 or

more do not have any additional filing requirements and do not need to do anything more to receive their payment.

- Those who have already filed a 2007 return showing less than \$3,000 in qualifying income and did not list their Social Security, Railroad Retirement or certain veterans benefits should file a Form 1040X to list those non-taxable benefits and qualify for a payment.
- Those who are not required to file a 2007 return but whose total qualifying income including Social Security, certain Railroad Retirement and certain Veterans benefits would equal or exceed \$3,000 should file a return reporting these benefits on Line 14a of Form 1040A or Line 20a of Form 1040 to establish their eligibility. Please note the form lines just mention Social Security, but use these lines even if your only benefits were Railroad Retirement or veterans' benefits.

Notices

Most taxpayers will receive two notices from the IRS. The first general notice from the IRS will explain the stimulus payment program. The second notice will confirm the recipients' eligibility, the payment amount and the approximate time table for the payment. Taxpayers will need to save this notice to assist them when they prepare their 2008 tax return next year.

Anyone who moves after they have filed their 2007 tax return should notify the IRS by filing Form 8822, Change of Address, and also notify the Post Office.

Exclusions

Individuals who file Form 1040NR, 1040PR or 1040SS are not eligible for the stimulus payments. These returns are normally filed by Nonresident Aliens, residents of Puerto Rico and residents of the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI). Residents of U.S. possessions will be receiving their rebates directly from the possessions.

Also ineligible are individuals who can be claimed as dependents on someone else's return.

Dividends, interest and capital gains income is not included when determining qualifying income. Supplemental Security Income (SSI) does not count as qualifying income for the stimulus payment. Also not included in qualifying income are non-veterans or non-Social Security pension income (such as those from Individual Retirement Accounts).

Stimulus payments will be subject to offset against outstanding tax and non-tax liabilities in the same fashion as regular tax refunds.

In addition, the IRS emphasizes the stimulus payments will not count toward or negatively impact any other income-based government benefits, such as Social Security benefits, food stamps and other programs.

Free Tax Help Available

Low- and moderate-income workers, including veterans, can get free tax help through the Volunteer Income Tax Assistance (VITA) program. Call 1-800-906-9887 to locate the nearest VITA site.

The Tax Counseling for the Elderly (TCE) Program provides free tax help to people age 60 and older. As part of the IRS-sponsored TCE Program, AARP offers the Tax-Aide counseling program at more than 7,000 sites nationwide during the filing season. To find an AARP Tax Aide site, call 1-888-227-7669 or visit the AARP Web site.

For Additional Information

The IRS.gov Web site is the best source for additional information and answers to questions regarding the stimulus payments. The site will soon have an online tool which will allow taxpayers to calculate the amount of their advance payment and to check on the status of their specific payment.

Stimulus Payments: Instructions for Low-Income Workers and Recipients of Social Security and Certain Veterans' Benefits

FS-2008-16, February 2008

Some low-income workers and recipients of Social Security, certain veterans' benefits and certain Railroad Retirement benefits may qualify for economic stimulus payments this year from the federal government.

In most cases, payments will range from \$300 to \$600 for individuals and \$600 to \$1200 for joint filers. Taxpayers may receive \$300 for each qualifying child.

Most taxpayers do not need to take any extra steps to receive the payment beginning in early May.

But there are some exceptions.

Individuals who might not otherwise be required to file a 2007 tax return will need to file a return this year to receive the stimulus payment. The return must show at least \$3,000 in qualifying income.

In other words, low-income workers who had at least \$3,000 in earned income in 2007 but do not otherwise earn enough to be required to file a federal tax return need to file a return in order to get the stimulus payment. Likewise, Social Security recipients, veterans and retired railroad workers who might not otherwise need to file a tax return must do so to receive the economic stimulus payment.

Certain Benefits Count toward Qualifying Income

Normally, certain Social Security, Railroad Retirement benefits and certain veterans' payments are not subject to income tax. However, the economic stimulus law passed in February contains a special provision allowing Social Security recipients and recipients of certain veterans' benefits and certain Railroad Retirement benefits to count those benefits toward the qualifying income requirement of \$3,000 and thereby qualify for the stimulus payment.

This means a taxpayer who had, for example, \$500 in earned income and \$2,500 in any combination of the benefits described above can count those benefit payments toward his or her qualifying income to reach the \$3,000 earned income requirement, even though the individual would not otherwise owe taxes on such income.

For purposes of meeting the qualifying income requirement, the following benefits need to be reported in any combination on Line 20a of Form 1040 or Line 14a of the Form 1040A.

- Social Security benefits reported on the 2007 Form 1099-SSA, which people would have received in January 2008. People who do not have a Form 1099 may estimate their annual Social Security benefit by taking their monthly benefit, multiplying it by the number of months during the year they received the benefits, and entering the number on Line 20a of Form 1040 or Line 14a of the Form 1040A. Supplemental Security Income (SSI) does not count as qualifying income for the stimulus payment.
- Railroad Retirement benefits reported on the 2007 Form 1099-RRB, which

recipients would have received in January 2008.

- The sum of veterans' disability compensation, pension or survivors' benefits received from the Department of Veterans Affairs in 2007. People are allowed to estimate their annual benefit by taking their monthly annual veterans' benefit, multiplying it by the number of months during the year they received benefits, and entering the number on Line 20a of Form 1040 or Line 14a of the Form 1040A.

People should note that Line 20a of Form 1040 and Line 14a of the Form 1040A are designated for Social Security. To qualify for the economic stimulus payments, these lines should also be used to include any qualifying Railroad Retirement or veterans' benefits.

For Those Who Have Already Filed

Some recipients of the benefits described above may have filed a 2007 tax return reporting at least \$3,000 in qualifying income. They do not need to do anything else. They will begin receiving their stimulus payments in early May.

Others may need to amend a previously filed tax return to include benefits to reach the \$3,000 qualifying income level. Adding these benefits on an amended tax return will not increase an individual's tax liability but will establish eligibility for the stimulus payment. Taxpayers can use IRS Form 1040X to amend a tax return in order to qualify for the stimulus payment.

Free Tax Help Available

Individuals who need to file a return this year to receive a stimulus payment may be able to take advantage of thousands of free tax preparation sites nationwide for low-income and elderly taxpayers.

The Volunteer Income Tax Assistance (VITA) program provides help to low- and moderate-income taxpayers. Call 1-800-906-9887 to locate the nearest VITA site.

The Tax Counseling for the Elderly (TCE) Program provides free tax help to people age 60 and older. As part of the IRS-sponsored TCE Program, AARP offers the Tax-Aide counseling program at more than 7,000 sites nationwide during the filing season. To find an AARP Tax Aide site call 1-888-227-7669 or visit the AARP Web site.

Stimulus Payments: Answers to Frequently Asked Questions

Updated March 3, 2008

Under the Economic Stimulus Act of 2008, more than 130 million American households will receive economic stimulus payments beginning in May. The only way to get one is to file a federal tax return for 2007. This filing requirement also applies to some people who do not normally file, including many low-income people and recipients of Social Security, certain benefits received from the Department of Veterans Affairs and certain Railroad Retirement benefits.

Following are answers to some of the most commonly asked questions regarding the payments. Scroll down the list or choose a category:

[Basic Eligibility](#) | [Taxpayer ID Numbers](#) | [When & How](#) | [Other Questions](#)

Basic Eligibility

Q. What do I need to do to get an economic stimulus payment?

A. All you need to do is file a federal income tax return for 2007. Even if you are not otherwise required to file a tax return, you must file a 2007 return in order to receive a payment this year. Although some filers, such as high-income filers, will not qualify for a stimulus payment, most will.

In most cases, you will fill out your return, reporting all your income, deductions and credits as you normally would. But even if you are not required to file, you must file a 2007 return to get a stimulus payment this year. Low-income workers, Social Security beneficiaries, certain railroad retirees and those who receive certain benefits from the Department of Veterans Affairs who normally don't file may receive a stimulus payment if they do. The IRS will provide special filing instructions for those who do not otherwise have a filing requirement. The instructions will explain which lines on the tax return the filers need to complete.

You do not need to calculate the amount of the stimulus payment. If you qualify, the IRS will automatically figure it and send it to you. The IRS will also send you a notice showing the amount of your payment. You do not need to call the IRS or fill out any other special forms.

Q. How do I find out if I am eligible?

A. Most people with a 2007 net income tax liability will qualify. This includes most people who get tax refunds. Net income tax liability is the amount shown on Form 1040, Line 57 plus the amount on Line 52. For [1040A](#) filers, it is the amount on Line 35 plus the amount on Line 32. For Form 1040EZ filers, it is the amount on Line 10.

Families with children under 17 generally will qualify for an additional payment. Some people with no tax liability also will qualify. This includes Social Security and Railroad Retirement beneficiaries, recipients of certain veterans' payments, low-income workers with earned income and/or benefits of at least \$3,000 and individuals who have combined income of at least \$3,000 from any combination of these sources.

Some higher-income taxpayers will not receive a stimulus payment or will receive a reduced payment.

Q: I normally don't need to file a tax return. How do I know if I'm one of those people who may be eligible to receive an economic stimulus payment?

A: This group includes some recipients of Social Security, Railroad Retirement or veterans' benefits as well as taxpayers who do not make enough money to normally have to file a 2007 tax return. For example, this can include low-income workers, those who receive Social Security benefits or veterans' disability compensation, pension or survivors' benefits from the Department of Veterans Affairs in 2007. These people will be eligible to receive a payment of \$300 (\$600 on a joint return) if they had at least \$3,000 of qualifying income.

Qualifying income includes Social Security benefits, certain Railroad Retirement benefits, certain veterans' benefits and earned income, such as income from wages, salaries, tips and self-employment. For people filing joint tax returns, only a total of \$3,000 of qualifying income from both spouses is required to be eligible for a payment.

Q: I normally don't have to file a tax return but have enough in qualifying income to receive a stimulus payment. How do I find out more about how to file a tax return?

More information is available in [Fact Sheet 2008-16](#). If you qualify, all you need to do is fill out Form 1040A in a few places. A [sample version of Form 1040A](#) illustrates which lines to fill out.

Q. I want to estimate my payment. Please explain how it is figured.

A. Essentially, there are two parts to the stimulus payment: a basic amount based on tax liability, filing status or other qualifying factors if there is no tax liability and an additional amount based on whether a qualifying child is reported on the return.

Basic Amount of Payment: Taxpayers who had a net income tax liability will receive a payment, unless they can be claimed as dependents on someone else's return, are high-income individuals or do not have a valid Social Security Number. The payment is equal to the taxpayer's net income tax liability, but no more than \$600 for a single person or \$1,200 for a married couple filing a joint return. The minimum payment is \$300 for a single person or \$600 for a married couple filing jointly.

People with no net income tax liability will usually get a minimum payment of \$300 for a single person or \$600 for a married couple filing jointly, as long as they have qualifying income of at least \$3,000. To figure your qualifying income, add together the following amounts:

- Wages that are reported on Form W-2.
- Net self-employment income.
- Social Security benefits reported in box 5 of the 2007 Form 1099-SSA, which would have been received in January 2008. People who do not have a Form 1099-SSA may estimate their annual Social Security benefit by taking their monthly benefit and multiplying it by the number of months during the year they received the benefit.
- Certain Railroad Retirement benefits reported in box 5 of the 2007 Form 1099-RRB, which recipients would have received in January 2008.
- Veterans' benefits received in 2007, including veterans' disability compensation and pension or survivors' benefits received from the Department of Veterans Affairs. People who weren't required to file a tax return can estimate their annual veterans' benefits by taking their monthly benefit and multiplying it by the number of months during the year they received the benefit.
- Nontaxable combat pay if the taxpayer elects to include it as earned income.

Extra Money for Qualifying Child: Eligible taxpayers who qualify for a payment may receive an additional \$300 for each qualifying child. To qualify a child must be under age 17.

Phase Out: The stimulus payment — both the basic component and the additional funds for qualifying children — begins to phase out for individuals with adjusted gross incomes (AGI) over \$75,000 and married couples who file a joint return with AGI over \$150,000. The combined payment is reduced by 5 percent of the income above the AGI thresholds. Here are two examples of how the phase out works:

- An individual with AGI of \$80,000 and federal income tax liability in excess of \$600 would qualify for a basic rebate of \$600. Because this individual's AGI exceeds \$75,000, however, her rebate is reduced by \$250 (the credit is reduced by multiplying the amount of AGI over \$75,000 by 5%). The taxpayer receives an economic stimulus payment of \$350.
- A married couple with two children, AGI of \$160,000 and federal income tax liability before the child tax credit exceeding \$1,200 qualifies for a basic rebate of \$1,200 and an additional qualifying child credit of \$600 for a total rebate of \$1,800. But because the couple's AGI exceeds \$150,000, their rebate is reduced by \$500 (the amount of AGI over \$150,000 multiplied by 5%). The couple receives an economic stimulus payment of \$1,300.

Q. I am filling out the special Form 1040A to report my qualifying income. Which Social Security benefits should I report on Line 14a?

A. The economic stimulus law refers to the same definition of Social Security and Railroad Retirement benefits used in IRS Publication 915. Thus, Social Security monthly retirement, survivor and disability benefits, or the Tier 1 Railroad Retirement benefits equivalent to those SS benefits, all count. This is the amount reported to you by the Social Security Administration as "Net Benefits for 2007" in Box 5 of Form SSA-1099 or by the Railroad Retirement Board in Box 5 of Form RRB-1099. Report this amount on Line 14a, Form 1040A. Determine the amount of your Veterans' benefits by multiplying your monthly benefit by the number of months during 2007 that you received the benefit. Supplemental security income (SSI) payments are not considered Social Security benefits and thus cannot be included. Because SSI is not taxable, it is not reported to you on Form SSA-1099. *[New 2/27/2008]*

Q. My child just turned 17 in December 2007. Do I still get the extra child payment?

A. Not in this case. Eligible taxpayers who qualify for a payment may receive an additional \$300 for each qualifying child. But to qualify, a child must be under age 17 as of Dec. 31, 2007. In other words, if a child was 16 or younger at the end of 2007 and meets the other eligibility requirements, then the child will qualify for the \$300 stimulus payment.

Q. Will receiving an economic stimulus payment in any way affect my eligibility for other federal benefits, such as temporary assistance for needy families, food stamps or Social Security? Will it count as income for purposes of my Social Security benefits?

A: No. The stimulus payments will not have any effect on eligibility for federal benefits.

Q: I know some people won't get a stimulus payment. How do I know if I'm one of them?

A: You won't get a stimulus payment in 2008, if any of the following apply to you:

- You don't file a 2007 tax return.
- Your net income tax liability is zero and your qualifying income is less than \$3,000. To determine your qualifying income, add together your wages, net self-employment income, nontaxable combat pay, Social Security benefits, certain Railroad Retirement benefits and certain veterans' payments.
- You can be claimed as a dependent on someone else's return. For example, this would include a child or student who can be claimed on a parent's return.
- You do not have a valid Social Security Number.
- You are a nonresident alien.
- You file Form 1040NR or Form 1040NR-EZ, Form 1040PR or Form 1040SS for 2007.

Q. If an individual dies, what happens to his or her direct deposit or stimulus check?

A. Stimulus payments will be issued in the name of the individual eligible for payment on a filed 2007 income tax return or to the account designated by the individual on that return. Any issues or concerns involving a decedent's filed return or the related stimulus payment should be addressed by the legal representative of the decedent's estate. *[New 2/27/08]*

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Taxpayer Identification Numbers

Q. I file using an individual taxpayer identification number (ITIN). Can I still get a stimulus payment?

A: No. The law does not allow stimulus payments to people who file a return using an ITIN. A taxpayer must have a valid Social Security Number to qualify for the stimulus payment. If married filing jointly, both taxpayers must have a valid Social Security Number. And children must have valid Social Security Numbers to be eligible as qualifying children.

Q. I have an ITIN, but my spouse has a valid Social Security number. Can we get a payment?

A. If you and your spouse file a joint return, you will not get a stimulus payment. If your spouse files a separate return, your spouse may qualify for a payment, based on his or her income deductions and credits.

Q. If I have a valid Social Security Number and my child has an ITIN, do I get extra money for the child?

A. No. To qualify for the extra credit for qualifying children, not only do the taxpayer and spouse, if filing jointly, need valid Social Security Numbers, but the qualifying child must also have a valid Social Security Number.

Q. I adopted a child this year and my child has an ATIN (Adoption Taxpayer Identification Number). Will I receive the \$300 additional child payment?

A. An ATIN is issued by the IRS as a temporary taxpayer identification number for the child. Adoptive parents who do not yet have a Social Security Number for their child will not get the advance payment. However, if they receive a Social Security Number for the child before the end of 2008, they can claim the additional child payment on their 2008 tax return.

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When & How?

Q. When will I receive my stimulus payment?

A. The Treasury Department will start sending out payments in early May.

Q. Will my stimulus payment be included in my regular tax refund? Will the checks or direct deposits come at the same time?

A. No and no. There will be two payments. You will receive one payment for your regular tax refund and later you will receive a separate stimulus payment.

Q. I have moved since filing my 2007 tax return. How will my payment reach me?

A. You should file a Form 8822 with the IRS and a change of address notice with the U.S. Postal Service. This will ensure your check is sent to your new address. Without your current address, the check could be returned to the IRS as undeliverable.

Q. Can I have my stimulus payment direct deposited?

A. Stimulus payments will be direct deposited for taxpayers who select that option when filing their 2007 tax returns. Taxpayers who already filed and requested direct deposit won't need to do anything else to receive the stimulus payment. Taxpayers who did not request direct deposit for their 2007 refund will receive a paper check by mail. The IRS reminds taxpayers who haven't filed their 2007 returns yet that direct deposit is the fastest way to get both regular refunds and stimulus payments.

Q. If I'm not expecting a refund, should I still fill out the direct deposit line on my return so I can get my stimulus payment direct deposited?

A. Yes. Even if you aren't due a refund on your tax return, filling out the bank routing information will allow for your stimulus payment to be direct deposited.

Q. If I use direct deposit for my tax return refund and my bank account information later changes, what will happen when my stimulus payment goes out?

A. Typically, the direct deposit will be rejected. After the IRS receives a rejection notice, the payment will be converted to a paper check and mailed to you.

Q. Is there anything I can do to prevent my stimulus payment from being direct deposited if I have already filed a tax return and selected direct deposit?

A. Generally, the answer is no. If you designated direct deposit on a tax return, then the stimulus payment will go to the account number you designated. If the account number is no longer active, the IRS will send you a paper check. If you do not want your stimulus payment to go to the account listed on your tax return, you should contact your financial institution to discuss possible options.

Q. If my direct deposit goes to fund an Individual Retirement Account, what will happen if the deadline for my IRA has passed or the maximum amount has been funded?

A. If you do not want your stimulus payment to go into the account listed on your tax return, you should contact your bank or financial institution to discuss possible options involving the account to either prevent the deposit from occurring or making sure the payment is routed to a non-IRA account.

Q. If I apply my refund to my 2008 taxes, what happens to my stimulus payment?

A. You will still receive a stimulus payment; it will not be applied to your 2008 taxes.

Q. I chose direct debit to pay my tax bill. Will my stimulus payment be direct deposited to the same account?

A. No, the account information used for an incoming Direct Debit payment to the IRS cannot be used as the account information for the Direct Deposit of the stimulus payment. People who choose Direct Debit to pay a balance due will receive their stimulus payments by paper check through the mail. *[Updated 3/3/08]*

Q. I used direct deposit to split my refund between several accounts when I filed my tax return. What will happen to my stimulus payment? Will it go to just one of the accounts?

A. If you elected to split your refund between several accounts, you will not receive your stimulus payment by direct deposit. Instead, you will receive a paper check.

Q. I want to choose direct deposit for my 2007 tax refund. Where do I find the "routing" number required by the IRS?

A. For a checking account, you can find the nine-digit routing number on the face of your check to the left of your account number. For other types of accounts you should obtain the routing number from the account provider. Make sure you double-check both the routing and account numbers when putting in your direct deposit request. Keep in mind that whichever account you choose for the direct deposit of your tax refund is the account into which the IRS will deposit your stimulus payment.

Q. I chose direct deposit for my 2007 tax refund but also requested a Refund Anticipation Loan (RAL) from my preparer. How does that affect my stimulus payment?

A. Taxpayers who use RALs or enter into any other loan or financial agreement with their tax professional cannot receive their stimulus payments by direct deposit and instead will get a paper check.

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Other Questions...

Q. If I live in Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam or the Commonwealth of the Northern Mariana Islands, will I get a stimulus payment?

A. In many cases, the answer is yes. But special rules in the law apply to these five U.S. territories (possessions). In general, the tax authorities in each possession will make stimulus payments to eligible residents. The law provides guidelines under which the Treasury Department will make payments to each possession for this purpose. People in these areas with questions about the economic stimulus payments should contact their local tax authority.

Q. I have not yet filed my 2007 tax return. Can I still qualify for a stimulus payment in 2008?

A. Yes, but you must file a 2007 tax return. The IRS encourages you to file a return even if your income is low or much of your income is tax-free. File your return, if possible, by the regular April 15 deadline. If you file after April 15, with or without a tax-filing extension, your payment will be delayed. If you qualify for a payment, you can insure that you get it by filing your return by Oct. 15, 2008.

Q. I owe some money on my 2007 tax return but the amount I owe is less than my expected stimulus payment. Can I wait to pay the balance due and simply let my stimulus payment cover it?

A. You should file your 2007 return and pay the entire balance due by April 15. You should not wait for your economic stimulus payment to offset the balance due. If you wait, penalties and interest will accrue between April 15 and the date the balance is paid, even if it is ultimately covered by the stimulus payment, which will not be available before May. *[New 2/28/2008]*

Q. My spouse and I have divorced and the stimulus payment check is made out to both of us. Can I cash it?

A. If the check is made payable to both of you, then both must endorse the check. Even if you and your spouse are now divorced, both must sign the check. By law, each spouse is considered to receive half of the payment in cases where a joint 2007 return was filed. If the filers chose to have their tax refund direct deposited, the stimulus payment will be direct deposited into the same account that received the tax refund.

Q. Is my stimulus payment taxable?

A. No. You will not owe tax on your payment when you file your 2008 federal income tax return. But you should keep a copy of the IRS letter you receive later this year listing the amount of your payment. In the event you do not qualify for the full amount this year but you do next year, you will need to have the letter as a record of the amount you previously received.

Q. Will the payment I receive in 2008 reduce my 2008 refund or increase the amount I owe for 2008?

A. No, the stimulus payment will not reduce your refund or increase the amount you owe when you file your 2008 return.

Q. I don't qualify for a stimulus payment based on my 2007 return. But my tax situation will be different in 2008. Will I qualify for any special benefit?

A. Possibly. The 2008 tax instructions will include a worksheet to help those who did not qualify for a payment or those who received a reduced amount determine if they can obtain a benefit when they file their 2008 tax returns next year.

Q. I'm eligible for a payment but I still owe federal income tax from a prior year. Will my payment be reduced?

A. Yes. For this purpose, the stimulus payment is treated like any other tax refund. This means that part or all of your payment can be used to pay past-due federal or state income taxes or non-tax federal debt such as student loans and child support. If this occurs, you will receive a letter explaining how the stimulus payment was applied.

Q. Why is IRS sending out two notices on the stimulus payments?

A. The first notice will be general in nature, informing the recipient the IRS is preparing to disburse payments beginning in May. The second notice will be more specific, informing the recipient how much to expect in the payment and when it should arrive.

