

Q-and-A About Economic Stimulus Payments

Have a question about the economic stimulus payment? The volunteers at AARP Tax-Aide have put together this list of questions to answer your concerns about eligibility and the steps you should take when filing your taxes.

Q: I am in the process of filing my 2007 tax return and want to know if I'm eligible for the rebate. How do I know if I'm eligible and what do I need to do?

A: To receive your refund, all you need to do is file your 2007 return. If the qualifying income shown on that return is more than \$3,000, you do not need to do anything else. The Treasury Department will start mailing the checks in May.

You are eligible for the rebate if your "qualifying income" for 2007 is more than \$3,000. "Qualifying income" consists of salaries and wages, self-employment income, Social Security benefits, railroad-retirement benefits, veteran's disability compensation, and pension or survivor's benefits received from the Department of Veterans Affairs. However, if your income is more than \$75,000 (\$150,000 if filing a joint return), your eligibility for the rebate phases out incrementally.

Q: How will I know if I qualify for a rebate and how much of a rebate can I expect to receive?

A: The IRS plans to mail taxpayers two notices about the rebate program. The first will explain the program. The second will confirm their eligibility, the amounts of their rebates, and when they can expect to receive checks.

Eligible recipients can expect to receive a rebate equal to the amount of tax on their 2007 return, with a maximum of \$600 (\$1,200 if filing jointly), and a minimum of \$300 (\$600 if filing a joint return).

Taxpayers will get an additional \$300 rebate for each child for whom they claim a personal exemption and child tax credit on their returns. For a child to be eligible, he or she must have lived with the taxpayer for more than half of 2007, must be under the age of 17 at the end of 2007, and cannot have provided more than half of his or her own support during 2007.

Q: What if I don't normally file a tax return?

A: Even taxpayers who have no income tax liability will get rebates of \$300 (\$600 if filing a joint return) as long as they submit a tax return showing at least \$3,000 of qualifying income.

To receive the stimulus rebate, you should file an income tax return for 2007, even if you would not normally do so because of your income level.

If all the income you have is from Social Security, do the following:

- Write the phrase “Stimulus Rebate” across the top of the 1040 or the 1040A Form. Fill in your name and address at the top.
- Fill in your Social Security number at the top right.
- Choose a filing status in box 1, 2, 3, or 4.
- At line 6a, choose yourself and a spouse (if applicable).
- If you are using the 1040A Form, enter your yearly Social Security total on line 14-A and leave 14-B (the taxable amount) blank.
- If you are using the regular 1040 Form, you would put your yearly total Social Security on line 20A. You can leave the “taxable amount” box on line 20B blank.
- Turn the form over and sign and date your return at the bottom of the back of the page.
- Mail the form to the IRS office for your area. This address is written on the back of the directions for the tax form. You can also find the regional addresses on the Web at www.irs.gov.

If you had at least \$3,000 in yearly Social Security income and were low income otherwise, then you should qualify for the rebate.

The IRS will figure the amount of the rebate for you after you file your tax return. You should receive your rebate check in May or June.

Q: I receive Social Security disability benefits. I have already mailed my federal tax return for 2007. I use Form 1040A. I neglected to post on line 14A my Social Security benefits. This is needed for the federal economic stimulus program. I read the IRS Web site, and it said that I needed to use form 1040X to amend my return. I printed the instructions and the 1040X Form. I read the instructions, and if I understand them correctly, I can only adjust figures from adjusted gross income (line 21 on Form 1040A) and figures past line 21. My Social Security benefit will not affect my adjusted gross income. How can I correct my Social Security benefit amount (line 14A on 1040A) using Form 1040X? Thank you for your time and help!

A: If your return as filed reflects more than \$3,000 of "qualifying income," which consists of wages, self-employment, Social Security, or a veteran's pension, you need not file a 1040X Form, even if you omitted Social Security from line 14A.

However, if the return does not register more than \$3,000 and you need to include your gross Social Security income to make the \$3,000 eligibility floor, you are correct; you must file a 1040X Form so as to reflect your gross Social Security.

As you say, the actual taxable amounts on your return will not change. Complete both columns A and C of Form 1040X, showing zeros in Column B, “Adjustments.” In Part II under Explanation of Changes, describe why you are filing the 1040X (for example, “To report total Social Security benefits on line 14A as required to

qualify for a 2008 stimulus payment"). For good measure, you could attach a copy of page 1 of Form 1040A as you originally filed it, but with line 14A showing your total Social Security benefits.

Q: I'm 73 and receive Social Security but do not have to file a tax return. I live with my daughter, who claims me as a dependent. Do I qualify for the stimulus rebate?

A: Sorry, when you are claimed as a dependent on another taxpayer's return, you do not qualify for the stimulus rebate.

The AARP Tax-Aide Program is a volunteer-run, free tax-preparation and assistance service offered to low- and middle-income taxpayers with special attention to those age 60 and older. Our volunteers are trained and IRS-certified to understand individual federal-tax issues. Our volunteers provide tax assistance as a public service and cannot guarantee the accuracy of the information provided.