

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.