

## The Second Round of Stimulus Money: Recovery Rebates beginning in December 2020

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### What is the Consolidated Appropriations Act (CAA) of 2021?

The CAA is the 2.3 trillion-dollar law passed by the federal government in December 2020, and includes provisions responding to the COVID-19 pandemic. The law has many different parts, including:

- money for individuals through the Recovery Rebate Credit (also called Economic Impact Payments [EIP] or “stimulus checks”),
- enhanced unemployment insurance benefits, and
- changes to certain federal tax credits.

Note: Economic Impact Payments are an advance payment of the Recovery Rebate Credit (RRC). As such, you will see the EIP referred to as the RRC on your 2020 tax return.

### What is a Recovery Rebate?

Among other things, the CAA provides for a Recovery Rebate, which is a second round of payments from the government during the COVID-19 pandemic. It goes to individuals who made less than \$75,000; to married couples who made less than \$150,000; and to heads of tax households who made less than \$112,500. The amounts are from the 2020 tax year and are based on adjusted gross income on your taxes.

### How much is a Recovery Rebate?

The Recovery Rebate is \$600 per qualifying individual and \$600 per qualifying child.

### Who is (and isn't) eligible for a Recovery Rebate?

There are some changes from last year's stimulus payments under the March 2020 CARES Act. To qualify for the current Recovery Rebate, you must be an adult with a Social Security Number (SSN) that is currently valid for employment, and you cannot have been claimed as a dependent on someone else's taxes.

If you have only an Individual Taxpayer Identification Number (ITIN), you are **ineligible**.

If your child has an Adoption Taxpayer Identification Number (ATIN), they are **eligible**, if you have a SSN.

If you have a SSN and are a member of a mixed immigration status family, the family members with SSNs or ATINs are **eligible** to receive the Recovery Rebate, and the other family members with ITINs or no numbers at all are **ineligible**.

Note: This is a positive change from the March 2020 Recovery Rebates, under which a spouse with an ITIN rendered the entire family ineligible.

### **What do I need to do?**

The Recovery Rebate will come to you **automatically**, without you needing to do anything, **if** you:

- Filed a tax return for 2019,
- Filed a tax return for 2018,
- Used the Non-Filers tool for the 2020 stimulus payment before November 22, 2020,
- Receive Social Security benefits (including retirement, disability and survivors),
- Receive Supplemental Security Income (SSI) benefits,
- Receive Railroad Retirement benefits, or
- Are a veteran or their beneficiary receiving VA Compensation or Pension (C&P) benefits.

Note: Once you file your tax return, you will be eligible for an automatic Recovery Rebate, if you meet the other eligibility criteria discussed above. Payments are also automatic for anyone who submitted a simplified tax return that has been processed by the IRS.

### **How do I Apply?**

If you have none of the above benefits, you have not filed taxes in 2019 or 2018 due to low or no income, and you did not register with the IRS.gov Non-Filers tool before November 22, 2020, then you will not receive an automatic payment now. Instead, you must **file** your 2020 federal income tax return in 2021, and claim the Recovery Rebate on line 30 of your return.

### **What if I have children who were under age 17 as of December 31, 2019?**

Each dependent child who was under age 17 as of December 31, 2019 may add \$600 to the Recovery Rebate. If you filed taxes in 2019 or 2018 with your children as dependents and are otherwise eligible, you do not need to do anything to get the extra \$600 per child. The child must be under age 17 at the end of the tax year used by the IRS. (This potentially includes foster children placed by an authorized placement agency who lived for more than half the year with you.)

If you did not file taxes in 2019 or 2018 and have children in your household under age 17, you should file a tax return to get the extra \$600 per child. Also, the children must not be claimed as dependents on someone else's taxes, and they must have SSNs or ATINs.

While dependents who are 17 and older are not eligible for the child payment, college students and recent graduates who do not qualify as dependents may be eligible to claim the Recovery Rebate.

### **How much will I get?**

The amount of your Recovery Rebate depends on your family size and how much income will be reported on your 2020 tax return. A single person with no children with \$75,000 or less in income

will get \$600. A married couple with \$150,000 or less with no children will get \$1,200. A head of household tax filer with \$112,500 or less will get \$600. However, the rebate amount is reduced by \$5 for every \$100 of income over these income levels. Each additional dependent child under age 17 adds an extra \$600 to the Economic Impact Payment.

**When will I get the Recovery Rebate?**

The official payment date for the Recovery Rebate is January 4, 2021, but initial direct deposit payments began arriving on December 29, 2020. Paper checks began to be mailed on Wednesday, December 30, 2020.

**I already received my Recovery Rebate and it did not include extra money for my children. What do I do?**

You may need to file your 2020 tax return in 2021 to receive the extra \$600 per child under age 17 if you did not receive it with the Recovery Rebate this year.

**What if my spouse and I filed taxes jointly, but only one of us has a Social Security Number and the other has an ITIN?**

This is no longer a problem. The spouse who has a SSN can receive the Recovery Rebate, and the other spouse will not receive it.

**Will I have to pay back the Recovery Rebate?**

No. The Recovery Rebate is an advanced tax credit that does not come out of anything in the future. As long as you received it properly, you do not have to pay it back. It does not deduct from anything else. It is not a loan; it is a tax refund.

**Will the Recovery Rebate harm me for immigration purposes or make me a Public Charge?**

No. The Recovery Rebate does not count towards Public Charge for immigration purposes. As long as you received it properly, it would not have any negative immigration consequences.

**Will the Recovery Rebate reduce or make me ineligible for any government benefits?**

No. The Recovery Rebate is a type of one-time tax refund. We believe it does not count as income towards government benefits, including Public Assistance, Medicaid, SNAP (Food Stamps), SSI, Section 8, and NYCHA.

For SSI, the money does not count against the resource limit of \$2,000 (for individuals) or \$3,000 (for couples) for 12 months. For Public Assistance, we believe it does not count against the resource limit of \$2,000 (\$3,000 age if 60+) for 2 months after the month received.

**Are Recovery Rebates subject to collections?**

No. The Recovery Rebates are protected from collections, and will not be offset for any Federal or state debts, including child support. They are also protected from garnishment to pay off private debt.

### **What if I'm ineligible for a Recovery Rebate but I accidentally receive one?**

If you receive a Recovery Rebate but should not have due to having income over the threshold, we believe the IRS would not make you pay it back. That was true with last year's stimulus payments, and we expect the same for the current Recovery Rebates, as well.

However, if you are ineligible due to your immigration status but you accidentally receive a Recovery Rebate anyway, we advise that you return it to the IRS to avoid the possibility of any negative immigration consequences.

For the stimulus payments issued last year, the IRS initially claimed that incarcerated people did not qualify for stimulus payments and requested that a payment made to someone who is incarcerated be returned to the IRS. Due to litigation, this is no longer the case. Individuals who were incarcerated in a prison or jail at any time from March 27, 2020 to the present but meet the eligibility criteria for the last year's payments can receive the benefit. The same is true for the current Recovery Rebates, as well.

Deceased individuals, or an estate or trust, remain ineligible and the IRS requests a Rebate made to someone who died before receipt of the Rebate be returned to the IRS.

### **Extension of Unemployment Insurance Compensation Benefits**

Regular unemployment insurance (UI) compensation benefits are extended for an additional 11 weeks, and will be increased by an additional \$300 per week. This includes the Pandemic Unemployment Assistance (PUA) that extends UI benefits to workers who traditionally are ineligible, such as gig economy workers and independent contractors

Pandemic Emergency Unemployment Compensation (PEUC) will also be extended for 11 weeks (for a combined maximum of 50 weeks) and is set to expire on March 14, 2021. Individuals receiving benefits beyond the standard 26-week period as of March 14, 2021 will continue receiving them through April 5, 2021 if they have not reached their maximum number of benefit weeks.

Federal funding will be extended for states waiving their waiting week for benefits. Workers with at least \$5,000 in self-employment income may be eligible for an additional \$100 per week benefit as part of the Mixed Earner Unemployment Compensation to adjust for a lower UI base payment.

### **Child Tax Credit & Earned Income Tax Credit**

The Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC) (also called the Earned Income Credit [EIC]) will be calculated differently for tax year 2020 than in the past. For each credit, you must have a certain amount of earned income, based on family size, to qualify for the full credit. During the pandemic, however, a lot of people who would normally have qualified might have earned less because they lost their jobs or worked fewer hours. Because the lower income in 2020 could mean you might not qualify for these credits, the new Recovery Rebate law includes a provision that allows you to use your 2019 earned income to calculate your CTC and EITC for tax year 2020. Hopefully this would help you to qualify for these credits.



# THE EIP STIMULUS PAYMENT PREPAID CARD: NOT A SCAM; HOW TO AVOID FEES

January 2021

The U.S. Treasury is sending out a second round of stimulus payments, and some people will receive the payment in the form of an Economic Impact Payments (EIP) prepaid card. The card is not a scam, and there are ways to cash or use the card without fees.

**How to Identify the Card:** EIP Cards will be sent in a [white envelope](#) with the U.S. Treasury seal with this return address: **Economic Impact Payment Card**, PO Box 247022, Omaha, NE 68124. This is this card:



**How to Use the Card with No Fees:** Visit [EIPcard.com](#) to see the [fee schedule](#), [FAQs](#) and more information. **Key tips:**

- Use the card **anywhere Visa is accepted**, including online, on the phone, and at stores.
- Use a **surcharge-free ATM** in the [Allpoint](#) network, including at Target, Walgreens, CVS, Kroger, Safeway, Winn Dixie and Circle K. **Find an ATM** near you by downloading the [Money Network Mobile App](#) or using the online [ATM locator](#). At other ATMs, the ATM will charge a fee plus the card charges \$2 after the first withdrawal.
- **Transfer** the funds to your **bank, prepaid or mobile payment account** through the app or online. You may need to contact the provider of your other account to obtain the routing and account number. You can transfer up to \$2,500 per day.
- Go to the **teller window** at almost any bank or credit union. The first withdrawal, which can be up to \$2,500, is free. Additional teller withdrawals cost \$5.
- Ask for **cash back** from a supermarket or big box store.
- Call 800.240.8100 to request a free **Money Network Check**, which you can make out to anyone (i.e., a landlord, yourself). But you'll have to wait for it in the mail, and you must log into your account to get a number to activate the check, so the other options may be easier.

**What to Do if You Threw Out the Card:** Call 800.240.8100. Replacement cards are free.

**Keep the Card Even After It is Empty.** You may be able to use it to quickly receive additional payments if Congress passes another stimulus bill.

**For more information,** watch [CFPB's video explainer](#) on EIP prepaid debit cards.