



New Mexico Legal Aid, Inc.

ECONOMIC IMPACT PAYMENTS TO INDIVIDUALS UNDER THE CARES ACT: WHAT WE KNOW AS OF 4.2.20

Note: There is a continuous flood of new information about how the economic impact payments will be delivered. The information in this fact sheet is current only as of April 2, 2020.

Eligibility and Amount

Question: How will the IRS determine if I am eligible for an economic stimulus payment?

Answer: As a low income taxpayer, if you have a social security number that entitles you to work, you will generally be eligible to receive the impact payment. There is one important exception: if you can be claimed as a dependent on another taxpayer's 2020 taxes, you will not be eligible—regardless of whether or not that person actually claims you.

Example: In 2020, Gina's daughter Sally, who is 20 years old, is a full-time college student with a part-time job. Under the tax laws, Gina could claim Sally as a dependent. Sally will not receive an economic impact payment because Gina can claim her as a dependent.

Question: How big will my economic stimulus payment be?

Answer: The maximum amounts are as follows:

- \$1,200 for an individual, including married individuals filing separately;
- \$2,400 for a married couple;
- \$500 for each “qualifying child” you have in 2020.

Question: Who is a “qualifying child”?

Answer: A biological child, foster child, adopted child or stepchild – or grandchild, niece, nephew, brother, sister, stepbrother or stepsister – will generally be a qualifying child if she:

- will be under age 17 at the end of 2020;

- will live with you for more than half of 2020;
- will not provide more than ½ of her own support in 2020;
- will not file a joint return in 2020;
- is a U.S. citizen, U.S. national or U.S. Resident in 2020; and
- has a social security number that authorizes her to work in 2020.

Note: If you are not married, your partner's child does not qualify as your stepchild.

What Do I Need To Do To Get My Economic Impact Payment?

Question: Will the economic impact payment automatically be sent to me?

Answer: Generally, yes, either by direct deposit or by paper check. The IRS will first look to the direct deposit information on your 2019 taxes (that is, the bank account where you told the IRS to send your 2019 “return.”) If you did not file for 2019, or if there is no direct deposit information on your 2019 taxes, the IRS will then look to the direct deposit information on your 2018 taxes. If you do not have any direct deposit information on file for 2018 or 2019, a paper check will be mailed to the address on your 2019 taxes – or, if you did not file for 2019, on your 2018 taxes.

Question: What if I filed in 2019 or 2018, but have moved since filing?

Answer: Payment will be sent to the address on your 2019 return, if you filed for 2019 – or on your 2018 return, if you did not file for 2019. Some advisors are recommending that certain clients update their address with the IRS by filing a Request for Automatic Extension, IRS Form 4868. If you have moved but have not filed your 2019 taxes, we recommend you *electronically* file IRS Form 4868 or *electronically* file your 2019 taxes now, using your current address. Free electronic filing is available at <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>

Question: I am now separated from the spouse with whom I filed jointly in 2018. I have not yet filed for 2019. Will the IRS use the direct deposit information on the 2018 return to send my payment to my estranged spouse's bank account?

Answer: At this time, the answer to this question is not clear. The IRS is now looking at ways in which people can tell the IRS about their changed circumstances, but no guidance has been issued.

Non-filers and Those Who Owe Back Taxes

Question: What if I am not required to file taxes?

Answer: If you are receiving social security or railroad retirement benefits, the IRS will use information on your Form SSA-1099 or Form RRB-1099. The economic impact payment will be sent to you in the same way as your social security or railroad retirement benefits currently are paid, either by direct deposit or by paper check.

Note: At this time, those who are receiving SSI or veteran's benefits must file a 2019 or 2018 return in order to receive an economic impact payment, but pressure is mounting to eliminate this requirement. We will keep a close eye on this and let you know if or when that changes.

Question: What if I was required to file in 2018 and 2019 but didn't?

Answer: You should file your 2019 taxes electronically as soon as possible, including your direct deposit information at line 21. Free electronic filing is available at <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>. It is important to act now because economic impact payments will only be available through December 31, 2020.

Question: Will I receive my economic impact payment if I owe money to the IRS or to the New Mexico Department of Taxation and Revenue?

Answer: Economic impact payments will not be offset by outstanding federal income tax liability—or by outstanding student loan payments. However, payments will be offset by past due child support if New Mexico has reported the delinquency to the Treasury Department.

Timing

Question: When can I expect to receive my economic impact payment?

Answer: According to comments made by IRS officials on April 2, those with recent direct deposit information on file will be sent their economic impact payments, by direct deposit, by the end of April. It is estimated that 70 million taxpayers will receive economic impact payments by direct deposit.

Question: Can I give the IRS direct deposit information now to speed up delivery?

Answer: Not yet, but the IRS plans to develop a web-based portal so you can give them that information by early May.

Question: What if I did not give the IRS direct deposit information on my 2018 or

2019 taxes, and I do not use the new portal to give them direct deposit information now?

Answer: You (and an estimated 80 million other taxpayers) will receive a paper check. Unfortunately, the US. Treasury can only print a limited number of checks each week. The latest information indicates you may not receive your paper check until August.

Refund Anticipation Loans and Checks

Question: What if I received an advance on my “return,” and the direct deposit information on my 2018 and/or 2019 taxes belongs to my tax preparer ?

Answer: The economic impact payment will be deposited in your tax preparer's bank account. You will need to contact your tax preparer.

DISCLAIMER: The information in this fact sheet is current only as of 4.2.20, is general in nature and does not cover every situation. For the latest, direct from the IRS, go to <https://www.irs.gov/coronavirus>