

More Information on Stimulus Payments Posted to IRS.gov; New Details for Recipients of Social Security, Veterans Benefits

IR-2008-21, Feb. 15, 2008

WASHINGTON — The Internal Revenue Service released additional information today about the upcoming economic stimulus payments in a specially designed section for taxpayers on IRS.gov.

The new information includes an extensive set of Frequently Asked Questions about the stimulus payments, with a special emphasis on recipients of Social Security and certain veterans' benefits. Millions of people in this group who normally don't file a tax return will need to do so this year in order to receive a stimulus payment.

For recipients of Social Security and certain veterans' benefits and low-income workers who don't normally need to file, the IRS also released a special version of a Form 1040A that highlights the simple, specific sections of the return that can be filled out by people in these categories to qualify for a stimulus payment.

"Most taxpayers just need to file a 2007 tax return in order to automatically receive the stimulus payment," said Acting IRS Commissioner Linda Stiff. "But we are especially concerned about recipients of Social Security and veterans' benefits who may need to take special steps this year to file a tax return in order to obtain a stimulus payment. IRS.gov will help taxpayers get what they need."

The Frequently Asked Questions section — accessible through the front page of IRS.gov -- includes an extensive set of information for all taxpayers with questions about the stimulus payments, commonly referred to as rebates. The questions and answers include important information for low-income workers and certain recipients of Social Security, Railroad Retirement benefits and veterans' benefits.

The special IRS.gov section also features extensive examples of how much taxpayers can expect to receive in stimulus payments. The page includes more than two-dozen payment scenarios affecting different types of taxpayers.

IRS.gov will be updated frequently to provide taxpayers with all they need to understand the stimulus payments.

The IRS will begin sending taxpayers their economic stimulus payments in early May after the current tax season concludes. 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 married couples who file a joint return). Payments to more than 130 million households will continue over several weeks during the spring and summer. A payment schedule for taxpayers will be announced in the near future on IRS.gov.

The IRS reminds taxpayers when they file their 2007 tax return to use direct deposit, which is the fastest way to get both regular refunds and stimulus payments. However, taxpayers who use Refund Anticipation Loans (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.

The only way to receive a stimulus payment in 2008 is to file a 2007 tax return. The vast majority of taxpayers must take no extra steps to receive their stimulus payment beyond the routine filing of their tax return. No other action, extra form or call is necessary.

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

Certain people who normally are not required to file but who are eligible for the stimulus payment will have to file a 2007 tax return. This includes low-income workers or those who

receive Social Security benefits or veterans' disability compensation, pension or survivors' benefits 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. For taxpayers filing joint tax returns, only a total of \$3,000 of qualifying income from both spouses is required to be eligible for a payment.

The special version of the Form 1040A unveiled today on IRS.gov shows taxpayers in these groups the specific sections of the form they need to fill out to qualify for the stimulus payment. The mock-up is designed to be used as a guide for filling out an actual Form 1040A.

"People who don't normally need to file have a roadmap on how to fill out the Form 1040A quickly and easily," Stiff said. "We encourage recipients of Social Security and veterans' benefits who don't normally need to file a tax return to use this mock-up of the form as a guide to help them get their stimulus payment."

The Form 1040A illustration on IRS.gov shows the limited number of lines that will need to be filled out for recipients of Social Security, certain Railroad Retirement and certain veterans' benefits. A key line is reporting their 2007 benefits on Line 14a of Form 1040A. The IRS reminds taxpayers they can also use Line 20a on Form 1040 to report these same benefits.

In addition, taxpayers in these groups should write the words "Stimulus Payment" at the top of the 1040A or 1040.

For now, taxpayers in this group filing a tax return can only file a paper copy of the Form 1040 or Form 1040A. The IRS is working to update its systems to accept electronic versions of these limited-information returns for taxpayers who otherwise have no need to file a tax return. The IRS is also working with the software community to handle these returns electronically at a future date.

The IRS also reminded taxpayers with Social Security, Railroad Retirement or veterans' benefits who have already filed but did not report their qualifying benefits on either Line 14a of Form 1040A or Line 20a of Form 1040 that they may need to file an amended return in some situations to receive a larger stimulus payment.

Taxpayers who already have filed but did not report these benefits can file an amended return by using Form 1040X, which can only be filed with a paper form.

The IRS reminded taxpayers who don't have any other requirement to file a tax return that submitting a tax return to qualify for the economic stimulus payments does not create any additional tax or trigger a tax bill. In addition, the stimulus payments will not have any effect on eligibility for federal benefits.

The IRS is working with the Social Security Administration and Department of Veterans Affairs and other organizations to ensure that recipients are aware of the need to file a tax return to receive their stimulus payment in 2008.