

Hi, Viewers!

Though I'm no longer moderating Tax Talk Today, I still keep up with tax law and on occasion write locally. With all the questions about COVID-19 and stimulus payments I decided to put the following together and would like to share it with you. Hope everyone is doing okay and looking forward to the next Tax Talk Today program!

- Les Witmer



With all the talk about stimulus checks since the passage of the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, folks want to know when will they come and what can be done to make the process go faster. For most people, the answer is simple: make sure the IRS has your bank information so it can direct-deposit your payment. In the first three weeks the IRS reports to have sent out 88 million Economic Impact Payments. Those who filed 2019 returns and have direct deposit on file probably are in that group. Those with direct deposit are getting the stimulus money first since that is the easiest to process. Treasury is predicting paper checks will be issued at a rate of about 5 million per week, meaning it could take up to 20 weeks to issue all the checks expected to be mailed. The checks will be issued in reverse “adjusted gross income” order — starting with people with the lowest incomes first. And, at IRS across the country 10,000 employees were called back to work. So, bringing their own PPE and hand sanitizer and disinfectant (for external use only!), they like many other Americans as they rejoin the workforce, still need to try to work adhering to social distancing and taking necessary safety precautions. And what kind of questions are they getting? The same ones probably you and I are getting like:

Q: I have not gotten my check and when I checked on the IRS website, it said “in processing.” Why am not getting an answer as to when?

A: The IRS just announced this week significant enhancements to the “Get My Payment” tool to deliver an improved experience. In the announcement they urged people who haven’t received a payment date yet to revisit “Get My Payment” for the latest information. However, I’m told the website is in high demand, so you

may be asked to wait. The page will refresh automatically to let you in once traffic has died down.

Q: When I filed in 2019, I owed addition taxes and used direct debit to pay. Will the IRS use that account to provide me with my stimulus check?

A: No. You need to input your banking information through the “Get My Payment” feature on [IRS.gov](https://www.irs.gov). Then the IRS will be able to direct deposit your stimulus check to your bank account.

Q: I’m retired, will I get anything as a stimulus payment?

A: For everyone it’s based on your adjusted gross incomes (AGI). Individuals up to \$75,000 a year will be eligible for the full \$1,200 check. Reduced checks will go out to individuals making up to \$99,000 a year (the payment amount falls by \$5 for every \$100 in income above \$75,000). Married couples are eligible for a \$2,400 check as long as their AGI is under \$150,000 a year. Reduced checks, on a sliding scale, will go out to married couples who earn up to \$198,000. In addition, you may get an additional \$500 per child. Many of the tax services including Turbo Tax have a calculator on line—google “Tax Stimulus Calculator.”

Q: I'm on Social Security and didn't have to file a tax return in 2018 or 2019. Will I get a stimulus payment?

A: If you are a senior citizen and Social Security recipient who normally doesn't have to file a tax return, you do not have to do anything to receive the payment. Payments using the information on how you get your social security benefits were scheduled to start going out April 29.

Q: Will I have to declare my payment as taxable income for 2020?

A: Stimulus checks are not taxable. They are considered a refundable tax credit for 2020 and therefore not subject to income tax (and as such will be reflected on the 2020 tax return).

Q: I’ve never received unemployment insurance before and I’m getting it in addition to that from the state also some from the federal government program. Is all of that taxable?

A: With the CARES Act those getting unemployment benefits can receive federal dollars on top of base state amounts. Because unemployment insurance payments are considered income, you’ll need to report them on your 2020 federal and state tax returns. The federal government and Georgia will issue Forms 1099-G which reports the amount to you. Since it is considered taxable income you now can request federal income tax withheld.

Q: There is a good chance that my income this year being out of work because the COVID-19 will be lower than in 2019. Can I get the difference?

A: If your 2020 income is lower than in 2019 in a way that means you would have qualified for a larger stimulus check than you received, since this is a tax credit you can apply for the difference but not until you file your 2020 taxes in 2021.

Q: If my 2020 income is higher than in 2019, will I have to pay money back?

A: Lucky break for you! While it's true that your stimulus check is calculated based on your 2018 or 2019 tax return and is intended as a refundable tax credit for 2020, if your 2020 income is higher than in the year used to calculate your stimulus payment, you do not have to pay back the difference.

Q: We haven't filed our return for 2019 yet because we owe taxes and we are waiting since they extended the deadline to July 15. Also, we owed in 2018 so, there is not a bank account on file. And I'm concerned about how secure it is to be entering my banking information on the system. So, by waiting we'd be getting a paper check, right? How long will that take?

A: As mentioned direct deposit will be to the front of the line and paper checks later. And they will be going out in reverse AGI order so depending on your income level, it could be months before you receive your paper check. Again, this can be for a married couple as much as \$2400 plus \$500 for each child. As far as the system being safe—it's the same platform used for IRS Free File and has proven to be secure in the past.

Q: I owe the IRS back taxes. Will they offset my stimulus check to pay it?

A: No. The stimulus is a refundable tax credit, not a regular refund. They will not be used to offset federal debts.

Les Witmer retired from IRS as Wage and Investment Division Director of Communications and later for 16 years was the moderator of Tax Talk Today, a monthly webcast out of Washington DC.