

IMPORTANT INFO FROM IRS

To CPA's and Tax Experts:

Information for Congressional Staff

From IRS Legislative Affairs Division
Congressional Affairs Program

Topics covered below:

- Coronavirus Tax Relief: Information to Share
- Economic Impact Payments – Individual Taxpayer Identification Number (ITIN)
- Economic Impact Payments – Qualifying Children
- Economic Impact Payments - Offsets
- Relief for Taxpayers on an IRS Installment Payment Agreement (payment plan)
- Economic Impact Payments – Year-End Reconciliation
- Coronavirus/Stimulus Payments Scams

All, please see this very important breaking news about social security beneficiaries receiving the Economic Impact Payment.

Key point: **Social Security beneficiaries who are not typically required to file tax returns will not need to file an abbreviated tax return to receive an Economic Impact Payment. Instead, payments will be automatically deposited into their bank accounts.** This is a major change from our prior guidance. The [irs.gov](https://www.irs.gov) site has been updated.

See Treasury News Release: [Social Security Recipients Will Automatically Receive Economic Impact Payments](#) and below.

- WASHINGTON – The U.S. Department of the Treasury and the Internal Revenue Service today announced that Social Security beneficiaries who are not typically required to file tax returns will not need to file an abbreviated tax return to receive an Economic Impact Payment. Instead, payments will be automatically deposited into their bank accounts.
- “Social Security recipients who are not typically required to file a tax return do not need take an action, and will receive their payment directly to their bank account,” said Secretary Steven T. Mnuchin.
- The IRS will use the information on the Form SSA-1099 and Form RRB-1099 to generate \$1,200 Economic Impact Payments to Social Security recipients who did not file tax returns in 2018 or 2019. Recipients will receive these payments as a direct deposit or by paper check, just as they would normally receive their benefits.

Topic: **Coronavirus Tax Relief: Information to Share**

Key Points:

The Treasury Department and the IRS announced last week that:

1. [Distribution of Economic Impact Payments](#) will begin in the next three weeks and will be distributed automatically, with no action required for most people. The IRS is creating special informational graphics about the Economic Impact Payments that can be shared with your constituents or posted on your website. These graphics include details about who qualifies for the \$1,200 payments. The [first graphic](#) is available at [IRS.gov/coronavirus](https://www.irs.gov/coronavirus) and additional ones will be available soon. Please share these to help taxpayers understand important details about these payments.
2. Treasury and IRS have [launched the Employee Retention Credit](#), designed to encourage businesses to keep employees on their payrolls during the pandemic. The refundable tax credit is 50 percent of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19. Updates on the implementation of this [credit](#), [Frequently Asked Questions on Tax Credits for Required Paid Leave](#) and other information can be found on the [Coronavirus page](#) of IRS.gov.

Key Points:

Many people are interested to know if they will receive an Economic Impact Payment if they qualify based on Tax Year 2020, but not on Tax Year 2019 or 2018.

The IRS has not issued official guidance addressing this topic. However, the statutory language creating the payments includes the following text:

[excerpts]

SEC. 6428. 2020 RECOVERY REBATES FOR INDIVIDUALS.

(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by subtitle A for the first taxable year beginning in 2020 an amount equal to the sum of...

(e) COORDINATION WITH ADVANCE REFUNDS OF CREDIT.—

(1) IN GENERAL.—The amount of credit which would (but for this paragraph) be allowable under this section shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer under subsection (f)...

(f) ADVANCE REFUNDS AND CREDITS.—

(1) IN GENERAL.—Subject to paragraph (5), each individual who was an eligible individual for such individual's first taxable year beginning in 2019 shall be treated as having made a payment against the tax imposed by chapter 1 for such taxable year in an amount equal to the advance refund amount for such taxable year.

(2) ADVANCE REFUND AMOUNT.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit

under this section for such taxable year if this section (other than subsection (e) and this subsection) had applied to such taxable year.

(3) TIMING AND MANNER OF PAYMENTS.—

(A) TIMING.—The Secretary shall, subject to the provisions of this title, refund or credit any overpayment attributable to this section as rapidly as possible. No refund or credit shall be made or allowed under this subsection after December 31, 2020...

For the full text of this section, see P.L. 116-136, section 2201.

This means that the Economic Impact Payment is an advance of a tax credit that is available for TY2020 income tax. Per 6428(e), the tax credit is reduced if the taxpayer received an Economic Impact Payment. Others who qualify for the tax credit, will claim it when they file next year.

Once official guidance is available, it will be posted at irs.gov/coronavirus. The IRS will work diligently to provide clarifying guidance. As soon as we are able to offer additional insight, we will share it with the public through [IRS.gov](https://irs.gov), news releases and targeted communications with partners such as yourself.

Topic: Economic Impact Payments – Individual Taxpayer Identification Number (ITIN)

Key Points:

Many people who don't have a social security number but do have an ITIN are interested to know if they will get an economic impact payment.

The IRS has recently updated its [Economic Impact Payment Information Center](#) to include the following information.

[Who is not eligible?](#)

Although some filers, such as high-income filers, will not qualify for an Economic Impact Payment, most will. Taxpayers likely **won't qualify** for an Economic Impact Payment if any of the following apply:

- Your adjusted gross income is greater than
 - \$99,000 if your filing status was single or married filing separately
 - \$136,500 for head of household
 - \$198,000 if your filing status was married filing jointly
- You can be claimed as a dependent on someone else's return. For example, this would include a child, student or older dependent who can be claimed on a parent's return.
- **You do not have a valid Social Security number.**
- You are a nonresident alien.
- You filed Form 1040-NR or Form 1040NR-EZ, Form 1040-PR or Form 1040-SS for 2019.

The IRS has not issued other official guidance addressing this topic. However, the statutory language creating the payments includes the following text:

SEC. 6428. 2020 RECOVERY REBATES FOR INDIVIDUALS.

(g) IDENTIFICATION NUMBER REQUIREMENT.—

(1) IN GENERAL.—No credit shall be allowed under subsection (a) to an eligible individual who does not include on the return of tax for the taxable year—

(A) such individual's valid identification number,

(B) in the case of a joint return, the valid identification number of such individual's spouse, and

(C) in the case of any qualifying child taken into account under subsection (a)(2), the valid identification number of such qualifying child.

(2) VALID IDENTIFICATION NUMBER.—

(A) IN GENERAL.— For purposes of paragraph (1), the term 'valid identification number' means a social security number (as such term is defined in section 24(h)(7)).

(B) ADOPTION TAXPAYER IDENTIFICATION NUMBER.— For purposes of paragraph (1)(C), in the case of a qualifying child who is adopted or placed for adoption, the term 'valid identification number' shall include the adoption taxpayer identification number of such child.

(3) SPECIAL RULE FOR MEMBERS OF THE ARMED FORCES.— Paragraph (1)(B) shall not apply in the case where at least 1 spouse was a member of the Armed Forces of the United States at any time during the taxable year and at least 1 spouse satisfies paragraph (1)(A).

For the full text of this section, see P.L. 116-136, section 2201.

Internal Revenue Code section 24(h)(7) includes the following caveats:

(7) Social security number required

No credit shall be allowed under this section to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term "social security number" means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued-

(A) to a citizen of the United States or pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act, and

(B) before the due date for such return.

When additional official guidance is available, it will be posted at [irs.gov/coronavirus](https://www.irs.gov/coronavirus). The IRS will work diligently to provide clarifying guidance. As soon as we are able to offer additional insight, we will share it with the public through [IRS.gov](https://www.irs.gov), news releases and targeted communications with partners such as yourself.

Please share this message, but not my contact information, with taxpayers and local officials and agencies in your district and state. If shared information generates

questions, direct them to [IRS.gov](https://www.irs.gov), our toll-free telephone assistance, or your office can contact me.

Topic: Economic Impact Payments – Qualifying Children

Key Points:

Many people are interested to know if their children will qualify for purposes of the Economic Impact Payments. If they do, it would mean an addition \$500 per qualifying child.

The IRS has not issued official guidance addressing this topic. However, the statutory language creating the payments includes the following text:

SEC. 6428. 2020 RECOVERY REBATES FOR INDIVIDUALS.

(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by subtitle A for the first taxable year beginning in 2020 an amount equal to the sum of—

- (1) \$1,200 (\$2,400 in the case of eligible individuals filing a joint return), plus
- (2) an amount equal to the product of \$500 multiplied by the number of **qualifying children (within the meaning of section 24(c))** of the taxpayer.

Section 24(c) is the provision of the Internal Revenue Code that creates the Child Tax Credit.

For the 2019 tax year, IRS [Publication 972 - Child Tax Credit \(for use in filing 2019 Returns\)](#) can help you determine whether your child qualifies for the Child Tax Credit, and thus for the additional \$500 Economic Impact Payment. As stated in Pub. 972:

A child qualifies you for the CTC if the child meets all of the following conditions.

1. The child is your son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew).
2. The child was under age 17 at the end of 2019.
3. The child did not provide over half of his or her own support for 2019.
4. The child lived with you for more than half of 2019 (see *Exceptions to time lived with you*, later).
5. The child is claimed as a dependent on your return. See Pub. 501 for more information about claiming someone as a dependent.
6. The child does not file a joint return for the year (or files it only to claim a refund of withheld income tax or estimated tax paid).

7. The child was a U.S. citizen, U.S. national, or U.S. resident alien. For more information, see Pub. 519, U.S. Tax Guide for Aliens. If the child was adopted, see Adopted child, later.

For the 2018 tax year, the factors listed in IRS [Publication 972](#) – *Child Tax Credit (for use in filing 2018 Returns)* are:

A child qualifies you for the CTC if the child meets all of the following conditions

1. The child is your son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew).
2. The child was under age 17 at the end of 2018.
3. The child did not provide over half of his or her own support for 2018.
4. The child lived with you for more than half of 2018 (see *Exceptions to time lived with you*, later).
5. The child is claimed as a dependent on your return. See Pub. 501 for more information about claiming someone as a dependent.
6. The child does not file a joint return for the year (or files it only to claim a refund of withheld income tax or estimated tax paid).
7. The child was a U.S. citizen, U.S. national, or U.S. resident alien. For more information, see Pub. 519, U.S. Tax Guide for Aliens. If the child was adopted, see *Adopted child*, later.

In addition to the qualification that ties into the Child Tax Credit, there is another limitation in the statute.

(g) IDENTIFICATION NUMBER REQUIREMENT.—

(1) IN GENERAL.—No credit shall be allowed under subsection (a) to an eligible individual who does not include on the return of tax for the taxable year—

(A) such individual's valid identification number,

(B) in the case of a joint return, the valid identification number of such individual's spouse, and

(C) in the case of any qualifying child taken into account under subsection (a)(2), the **valid identification number of such qualifying child**.

(2) VALID IDENTIFICATION NUMBER.—

(A) IN GENERAL.— For purposes of paragraph (1), the term ‘valid identification number’ means a social security number (as such term is defined in section 24(h)(7)).

(B) ADOPTION TAXPAYER IDENTIFICATION NUMBER.— For purposes of paragraph (1)(C), in the case of a qualifying child who is adopted or placed for adoption, the term ‘valid identification number’ shall include the adoption taxpayer identification number of such child.

(3) SPECIAL RULE FOR MEMBERS OF THE ARMED FORCES.— Paragraph (1)(B) shall not apply in the case where at least 1 spouse was a member of the Armed Forces of the United States at any time during the taxable year and at least 1 spouse satisfies paragraph (1)(A).

For the full text of this section, see P.L. 116-136, section 2201.

Topic: Economic Impact Payments - Offsets

Key Points:

Many people are interested to know if the Economic Impact Payments will be subject to offset, like most tax refunds are.

The IRS has not issued official guidance addressing this topic. However, the statutory language creating the payments includes the following text:

(d) **EXCEPTION FROM REDUCTION OR OFFSET.** - Any credit or refund allowed or made to any individual by reason of section 6428 of the Internal Revenue Code of 1986 (as added by this section) or by reason of subsection (c) of this section shall not be—

(1) subject to reduction or offset pursuant to section 3716 or 3720A of title 31, United States Code,

(2) subject to reduction or offset pursuant to subsection (d), (e), or (f) of section 6402 of the Internal Revenue Code of 1986, or

(3) reduced or offset by other assessed Federal taxes that would otherwise be subject to levy or collection.

For the full text of this section, see P.L. 116-136, section 2201.

The exceptions from reduction or offset described above cover:

- Collection of debts owed to Federal agencies
- Collection of past-due, legally enforceable state income tax obligations
- Collection of unemployment compensation debts

Topic: Relief for Taxpayers on an IRS Installment Payment Agreement (payment plan)

Key Points:

- Taxpayers who are currently unable to comply with the terms of an Installment Payment Agreement, including a Direct Debit Installment Agreement, may suspend payments due between April 1 and July 15.
- The IRS will not default any Installment Agreements during this period. By law, interest will continue to accrue on any unpaid balances.

The following Q&As are posted at [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus) and contain important information:

Q. Will direct debit payments continue to be deducted from my bank for Direct Debit Installment Agreements (DDIAs) during the suspension period?

A. Yes. IRS will continue to debit payments from the bank for Direct Debit Installment Agreements (DDIAs) during the suspension period. However, taxpayers who are unable to comply with terms of their Installment Agreement may suspend payments during this period. Installment agreements will not default due to missing payments during the suspension period through July 15.

Q. If necessary, what is the best way to suspend direct debit payments for a Direct Debit Installment Agreement (DDIA)?

A. Taxpayers should contact their bank directly to stop payments if they prefer to suspend direct debit payments during the suspension period. Banks are required to comply with customer requests to stop recurring payments within a specified timeframe. IRS may be able to suspend certain single DDIA payments upon request, but due to disruptions caused by COVID-19 issues it may be difficult to reach an assistor. Note that if payments are stopped, in order to avoid possible default of the agreement once the suspension period expires on July 15, 2020, taxpayers must inform their bank to allow the debits to resume at least two weeks before their next payment is due.

Topic: Economic Impact Payments – Year-End Reconciliation

Key Points:

Many people are interested to know if they will receive an Economic Impact Payment if they qualify based on Tax Year 2020, but not on Tax Year 2019 or 2018.

The IRS has not issued official guidance addressing this topic. However, the statutory language creating the payments includes the following text:

[excerpts]

SEC. 6428. 2020 RECOVERY REBATES FOR INDIVIDUALS.

(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by subtitle A for the first taxable year beginning in 2020 an amount equal to the sum of...

(e) COORDINATION WITH ADVANCE REFUNDS OF CREDIT.—

(1) IN GENERAL.—The amount of credit which would (but for this paragraph) be allowable under this section shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer under subsection (f)...

(f) ADVANCE REFUNDS AND CREDITS.—

(1) IN GENERAL.—Subject to paragraph (5), each individual who was an eligible individual for such individual's first taxable year beginning in 2019 shall be treated as having made a payment against the tax imposed by chapter 1 for such taxable year in an amount equal to the advance refund amount for such taxable year.

(2) ADVANCE REFUND AMOUNT.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such taxable year if this section (other than subsection (e) and this subsection) had applied to such taxable year.

(3) TIMING AND MANNER OF PAYMENTS.—

(A) TIMING.—The Secretary shall, subject to the provisions of this title, refund or credit any overpayment attributable to this section as rapidly as possible. No refund or credit shall be made or allowed under this subsection after December 31, 2020...

For the full text of this section, see P.L. 116-136, section 2201.

This means that the Economic Impact Payment is an advance of a tax credit that is available for TY2020 income tax. Per 6428(e), the tax credit is reduced if the taxpayer received an Economic Impact Payment. Others who qualify for the tax credit, will claim it when they file next year.

Topic: Coronavirus/Stimulus Payments Scams

Key Points:

- Taxpayers should be on the lookout for a surge of calls and email phishing attempts about the Coronavirus, or COVID-19
- Watch out for schemes tied to economic impact payments
- These contacts can lead to tax-related fraud and identity theft
- Retirees among potential targets

IRS [News Release 2020-64](#) has more information including tips on how to avoid and report scams. A copy shareable on social media is below, hard copies in English and Spanish are attached, a social media shareable copy in Spanish is [available here](#).

The following tweets are provided for your consideration, related infographic attached.

#IRS reminds you that criminals often take advantage of people wishing to help victims in times of crisis. Stay alert during the COVID-19 outbreak and verify before making any charitable contributions: www.irs.gov/teos

#IRS alerts taxpayers of scams that may pop up during the COVID-19 outbreak. Learn to recognize scams and check that your donation goes to legitimate charities: www.irs.gov/teos

#IRS reminder: Fraudulent schemes may start with phone, social media, email or in-person requests for donations during the COVID-19 outbreak. Check the legitimacy of a charity asking for funds: www.irs.gov/teos

In the wake of disasters like the COVID-19 outbreak, scammers may operate bogus charities and solicit money or financial information by telephone or email. #IRS urges you to stay alert: www.irs.gov/teos

A scam may start with an unsolicited contact by phone email or social media. If you plan to aid victims of the COVID-19 outbreak, first check that you're doing it through a legitimate charity. www.irs.gov/teos #IRS

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