

NEW HAMPSHIRE
BAR ASSOCIATION
LOW-INCOME TAXPAYER PROJECT

Equal Justice Under Law

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Second-Round Stimulus Payments & Recovery Rebate Credits

Amounts

- The second-round economic impact payments (EIPs), known as stimulus payments, will be **\$600** per eligible person and **\$600** for each qualifying dependent.
- The same income phase-outs apply to both rounds of EIPs, starting at **\$75,000** for single filings, **\$112,500** for head of household, and **\$150,000** for married filing jointly.

Timing of Payments & Credits

- The IRS will begin issuing the second-round EIPs during the first week of January.
- No EIPs may issue after January 15.
- Any EIPs not received by the end of January may be claimed on a 2020 tax return as a refundable Recovery Rebate Credit (RRC). This applies to any missing EIP, whether first-round or second-round.
- The 2020 Form 1040 instructions will include a worksheet to calculate the amount of RRC to enter on the tax return. Commercial tax prep software will guide users through it.

Offsets & Reductions

- The IRS can offset an EIP or RRC only for child support arrearages.
- The RRC will operate as a refundable credit on the 2020 tax return. Thus, the amount of a person's refund (if any) will depend on the person's (1) taxable income, (2) tax payments already made, and (3) deductions and credits claimed. Most low-income wage earners will receive the full amount of their RRC.

Eligibility

- The EIPs and RRC can't go to people who:
 - don't have a Social Security number (SSN) valid for employment,
 - can be claimed as someone else's dependent, or
 - are nonresident aliens.
- The SSN requirement applies to everyone, regardless of someone's relationship to a person with an SSN valid for employment.
- Unlike the earlier relief act, the new law allows an SSN spouse to file jointly with a non-SSN spouse on a 2020 tax return and receive *both* rounds of EIPs as an RRC for:
 - the SSN spouse and
 - any qualifying SSN children claimed.
- However, children with SSNs are not eligible for either EIP or the RRC if no one who can claim them has an SSN valid for employment.
- There's no prohibition on incarcerated people getting first-round or second-round EIPs.

Filing Help

- So far, the IRS has no plans to resurrect the Non-Filers Tool on the IRS website.
- The IRS might provide a free, EIP-only version of the 2020 tax return on its website. Check for updates on <https://www.irs.gov/>.
- For people at least 50 years old *or* with a 2020 household income below \$56,844, free tax prep and filing help may be available at an AARP Foundation Tax-Aide site or a Volunteer Income Tax Assistance (VITA) site. People should visit <https://nhtaxhelp.org/> or call 211 starting in mid-January to request this assistance.
- If someone is not able to get assistance from Tax-Aide or VITA, the NH Pro Bono Low-Income Taxpayer Project (LITP) may be able to help the person file a 2020 tax return to claim the RRC. Contact the LITP by emailing bheggie@nhbar.org or by calling (603) 715-3215.

Additional Issues

- More details will be worked out later.
- Keep checking the IRS website for updates: <https://www.irs.gov/coronavirus/economic-impact-payment-information-center>.

Earned Income Tax Credit Note

- People may use either their 2019 *or* 2020 income to calculate eligibility for the Earned Income Tax Credit on a 2020 tax return, whichever is more advantageous.