

IRS Corrects Myths About Stimulus Payments

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BALTIMORE — The Internal Revenue Service moved to set the record straight on several issues surrounding the administration of the 2008 economic stimulus payments. Approximately 130 million taxpayers will receive a payment of at least \$300 beginning in May 2008.

“The latest and most complete information on stimulus payments is at IRS.gov,” said IRS Spokesman Jim Dupree. “We want to dispel the myths and make sure people know the facts about these payments, and what to expect.”

Myth: I have to report the payment I receive this year as income, and pay tax on it.

Fact: The payments are not taxable, and will not have a negative effect on your 2008 tax return, filed in 2009.

Myth: Economic stimulus payments will reduce my refund when I file my 2008 taxes.

Fact: The payments will not reduce your refund next year. In fact, if your stimulus payment is less than the maximum amount (up to \$600 for individuals or \$1,200 for married couples filing jointly, plus up to \$300 for each qualifying child) it is possible to receive an additional credit amount, up to the maximum, on your 2008 tax return. If your advance payment is more than the credit calculated on your 2008 tax return, you will not have to repay the difference.

Myth: The payments are automatic for everyone. I can do nothing and just wait to receive my payment.

Fact: You must file a federal tax return to receive a stimulus payment. The vast majority of taxpayers need do nothing more than file their taxes as usual to receive their payment. However, millions of people who normally don't file a tax return who received at least \$3,000 of Social Security, Railroad Retirement, certain Veterans benefits, or a small amount of earned income will need to file a simple Form 1040A to receive a minimum payment of \$300 for individuals, or \$600 for married couples.

Myth: Filing taxes is too much of a hassle. I can't do them myself, and I can't afford to pay a pro.

Fact: People who normally are not required to file can use a special, simple version of a Form 1040A to qualify for a stimulus payment. Only a few lines of the form need to be filled out. If you need help, take advantage of free tax preparation sites throughout the state for low-income and elderly taxpayers. Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) are IRS-sponsored programs providing free help to low-income taxpayers and seniors in your community.

Myth: Everybody is eligible for a stimulus payment.

Fact: People with incomes above the phase-out (\$75,000 for individuals; \$150,000 for married couples filing jointly), individuals not otherwise required to file a 2007 tax return with less than \$3,000 in qualifying income, nonresident aliens, persons who do not have a valid Social Security number, individuals who can be claimed as dependents on someone else's return, and individuals who file Form 1040NR, Form 1040PR or Form 1040SS are not eligible for the stimulus payments.

Myth: I've heard that there is a schedule saying payments won't be mailed until July or later. I need my money now.

Fact: The Treasury will begin sending stimulus payments starting in early May, continuing through the late spring and summer. The IRS will soon release the official 2008 stimulus payment direct deposit and mail-out schedule. The fastest way to get a stimulus payment – or any refund for that matter – is to e-file your taxes and elect to have the money directly deposited into your checking or savings account.