



Economic Stimulus Act of 2008

Frequently Asked Questions

Q. Is my stimulus payment taxable?

A. No, You will not owe tax on your payment when you file your 2008 federal income tax return. The IRS will be sending you a letter later this year listing the amount you received. In the event that you did not qualify for the full amount this year, but you do next year, that letter will be your record of the amount you previously received.

Q. Will the payment I receive in 2008 reduce my 2008 refund or increase the amount I owe for 2008?

A. The stimulus payment will not reduce or increase the amount you owe when you file your 2008 return.

Q. When will I receive my rebate check?

A. The Treasury Department will start sending out payments in May. However, if you file an extension for your 2007 return, the IRS will not compute your rebate until your 2007 return is processed.

Q. I am on Social Security with no other income, do I need to file?

A. Yes, if you received at least \$3,000 in qualifying income, which includes Social Security benefits would be considered, you need to file a return. However, it's very simple. Report income on:

- Line 20a on form 1040, or
- Line 14a on Form 1040A

Simply fill out name, address and Social Security number on the form and write the words "Stimulus Payment" on the top of the form. Mail to the IRS address noted in the instructions to the form. Those taxpayers who are not required to file a regular return cannot e-file these returns for the stimulus payments.

Seniors who have already filed a tax return reporting less than \$3,000 qualifying income may want to file an amended return if they are now eligible because of the additional qualifying income as defined in this rebate program.

Q. Can I have my stimulus payment direct deposited?

A. If you elected to have your 2007 tax refunds direct deposited, then the stimulus payment will be sent to the same account. If you're not receiving a refund, but will be eligible for the rebate, the IRS suggests that you put your bank routing information on the tax return so you will receive your rebate more quickly.

If you have allocated your 2007 refund to be direct deposited into more than one account, the IRS will send you a paper check. If the only account you directed your 2007 refund to be deposited into is an IRA, you will need to work with your financial institution to have the rebate check redirected to a non-IRA account.

Q. If I owe back child support, will the IRS withhold my rebate?

A. Yes, the stimulus payment is treated like any other tax refund. This means that part or all of your payment can be used to pay past-due child support, federal or state income taxes or student loans. If this occurs, you will receive a letter explaining how the stimulus payment was applied. If there is any amount remaining after the back child support is paid, it will be sent to you.

Q. I claim my elderly parents as dependents. Are they still eligible to receive the stimulus rebate?

A. No, because they are your dependents, they are not eligible for this rebate.

Q. A child under age 17 receives interest income from a trust which he uses for his financial support. He is not a dependent of his parents. Can his parents collect an additional \$300 for him as a qualifying child?

A. No, since the child is supporting himself through a trust, he is not a dependent; therefore he is not a qualifying child.

Q. I know some people won't get a stimulus payment. How do I know if I'm one of them?

A. You won't get a stimulus payment in 2008, if any of the following apply to you:

- You don't file a 2007 tax return.
- Your net income tax liability is zero and your qualifying income is less than \$3,000. To determine your qualifying income, add together your wages, net self-employment income, nontaxable combat pay, Social Security benefits, certain Railroad Retirement benefits and certain veterans' payments.
- You can be claimed as a dependent on someone else's return. For example, this would include a child or student who can be claimed on a parent's return.
- You do not have a valid Social Security Number.
- You are a nonresident alien.
- You file Form 1040NR or Form 1040NR-EZ, Form 1040PR or Form 1040SS for 2007.

Q. Is it allowable to elect to file Married Filing Separately if I would otherwise phase out under a Married Filing Jointly election?

A. There is no regulation prohibiting the election of Married Filing Separately written within the Act. The choice is up to the discretion of the taxpayer.

Q. My child just turned 17 in December 2007. Do I still get the extra child payment?

A. Not in this case. Eligible taxpayers who qualify for a payment may receive an additional \$300 for each qualifying child. But to qualify, a child must be under age 17 as of December 31, 2007. In other words, if a child was 16 or younger at the end of 2007 and meets the other eligibility requirements, then the child's parent will qualify for the additional \$300 stimulus payment.

Q. I file using an individual taxpayer identification number (ITIN). Can I still get a stimulus payment?

A. No, the law does not allow stimulus payments to people who file a return using an ITIN.