

Guidance for SPEC's VITA/TCE Partners Regarding the Economic Stimulus Act of 2008

Outlined below are the key components of the Economic Stimulus Act of 2008 as well as a listing of potential operational impacts for VITA and TCE sites. For additional information, please visit www.irs.gov.

Key Points in Legislation

- Starting in May, the IRS will begin sending stimulus payments to an estimated 130 million taxpayers.
- The vast majority of taxpayers don't need to do anything more than file a 2007 tax return. The IRS will then do all the rest, including determining eligibility and stimulus amounts.
- The stimulus payments could be as much as \$600 for single filers and \$1,200 for joint filers. In addition, taxpayers may be eligible to receive an additional \$300 per qualifying child. Stimulus amounts begin phasing out at Adjusted Gross Income levels of \$75,000 for a single filer and \$150,000 for those filing jointly.
- Only taxpayers who file a 2007 tax return with valid Social Security numbers will be able to receive a stimulus payment. If filing a joint return, both spouses must have valid Social Security numbers. And, children must have valid Social Security Numbers to be eligible as qualifying children. Individual taxpayer Identification Numbers (ITINs) and adoption taxpayer identification numbers (ATINs) are not eligible.
- The legislation also provides stimulus payments to recipients of Social Security and veterans with disabilities benefits if they receive at least \$3,000 in earned income and/or benefits from these programs. They need to file a tax return in order to receive that payment.
- Social Security recipients, veterans with disabilities, widows of veterans with disabilities, and railroad retirement benefits recipients, who normally are not required to file a tax return, will need to send in a simple tax return this year in order to receive a check.
- The IRS.gov web site will be the best source of information for all stimulus questions. This page will contain all the latest information as it becomes available.

Potential VITA/TCE Operational Impact

- Volunteers should include gross SSA or VA payments when preparing 2007 returns even though the payments do not impact tax calculation to insure all individuals have sufficient information filed in order to allow the IRS make a determination of their eligibility for a stimulus payment.

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- Sites are very likely to see an increase in questions concerning eligibility for and amount of the stimulus payments.
- Sites may experience an increase in return preparation requests from customers without a traditional filing requirement. Efforts may be made to educate these customers that free tax preparation services may be available in the traditionally slower times of the filing season (mid to late March) and that filing the required returns in this time frame will not impact the delivery time of their economic stimulus payments. It is anticipated that payment will be made based on use of Social Security Numbers - not order of receipt.
- Partner organizations may want to consider the utilization of a proactive assistance strategy, particularly with the targeted customer base – seniors and veterans with disabilities – that provides those individuals the ability to meet their reporting requirements without impacting the day-to-day operations of local VITA/TCE sites.
- Currently the diagnostics in TaxWise® and other IRS accepted software does not allow a zero income/AGI return to electronically file. If software solutions can not be completed, paper filing of returns may be required for individuals who want to report the receipt of SSA and/or VA payments in order to qualify for the stimulus.
- IRS strongly recommends that Economic Stimulus Package returns be prepared by certified volunteers. These returns are simple returns when no children are involved. However, if children are involved, these returns will include a determination of “qualifying child.” A return with a “qualifying child” determination is one that requires a trained and certified volunteer preparer.
- IRS is preparing a basic Economic Stimulus Package Guide that all volunteers can use to prepare these returns. The guide will be available by February 22nd.
- Your local SPEC Relationship Manager will provide you with the most current information as it becomes available, including information on technical aspects as well as a wide array of marketing tools to communicate with your customers.