



Low-Income Individuals with No Filing Obligations May Still Qualify for Economic Stimulus Payments

FS-2008-17, March 2008

Many low-income people are eligible to receive an economic stimulus payment from the federal government this year of \$300 to \$600 plus \$300 per qualifying child.

To get this payment — commonly referred to as a rebate — low-income individuals must file a simple 2007 federal income tax return showing at least \$3,000 in qualifying income. If the IRS does not receive this tax return, no economic stimulus payment can be made.

Once the tax return has been filed, the Internal Revenue Service does the rest. The IRS calculates the amount of the economic stimulus payment due the taxpayer and issues the payment by check or Direct Deposit.

There are some limitations. Those who are eligible to be claimed as a dependent on someone else's tax return, even if they are not claimed as a dependent, do not qualify for an economic stimulus payment. Individuals without valid Social Security Numbers — adult or child — also do not qualify for the economic stimulus payment.

How to Determine Qualifying Income

An individual must have at least \$3,000 of qualifying income for 2007 or at least \$3,000 from any combination of the four types of income described below. Those filing a joint return can add both spouses' qualifying incomes to reach the \$3,000 requirement.

The four types of qualifying income are:

- Earned income, including wages, salaries, tips and other employee compensation, as well as net earnings from self-employment that are includible in income. Earned income also includes non-taxable combat zone pay, if the recipient of that pay elects to include it as earned income.
- Social Security retirement, disability and survivor's benefits reported in Box 5 of Form SSA-1099. (Note: Supplemental Security Income (SSI) is not qualifying income and is also not included in the amount reported in Box 5 of Form SSA-1099.)
- Railroad Retirement Tier I benefits reported in Box 5 of Form RRB-1099. (Note: None of the benefits reported on Form RRB-1099-R are considered qualifying income.)
- Veterans disability compensation, disability pension and survivor's benefits paid by the Department of Veterans Affairs as outlined in Chapters 11, 13 or 15 of Title 38 of the U.S. Code.

Filling Out the Form

To report their qualifying income, individuals must file a simple version of a 2007 federal income tax return, Form 1040A. This simple 1040A reports only the total amount qualifying income, and identifying information, so the IRS can issue the payment.

A [sample Form 1040A](#) shows the only areas that need to be completed.

Following are special instructions to complete the simple-version tax return:

- Using Form 1040A, write the words "Stimulus Payment" across the top edge of the form.
- Write the total amount of earned income for 2007 on Line 7 of the form.
- Total the other three types of qualifying income, if any, and enter the total on line 14a, if using Form 1040A, or line 20a, if using Form 1040.
- Enter the name, address and Social Security Number. If married filing jointly, both spouses must include their names and Social Security Numbers.
- Beneath the name and address in the "Filing Status" section, check a box to indicate filing status. Usually, that would be "Single," "Married filing jointly," or "Married filing separately."
- If the filer has one or more qualifying children (they must qualify for the child tax credit

and be under the age of 17 as of Dec. 31, 2007) write their names and Social Security Numbers under "Dependents" in the "Exemptions" section of the tax return. Also state the dependent's relationship to the taxpayer and check the "qualifying child" box.

- It is your option to choose Direct Deposit to allow the IRS to deposit your economic stimulus payment into your financial account, such as a checking or savings account. Direct Deposit will be the fastest way to get the economic stimulus payment. Enter the Direct Deposit information in the appropriate spaces in the "Refund" section on the back of the tax return. Individuals should contact their bank or financial services company if they need assistance in determining the required numbers.
- Sign and date the tax return in the "Sign here" section. If filing jointly with a spouse, both must sign and date the form.
- Mail the completed tax return to the designated IRS service center. Or take it to the [nearest IRS office](#) and file it there.

Scenarios

Following are two scenarios explaining how low-income individuals can receive the economic stimulus payment:

- Tony is not married and has no dependent children. He receives help, including some financial assistance, during the year from local social service organizations. He also worked a little during 2007, earning \$3,600 from jobs he held. He does not have enough income to be required to file a federal income tax return, and he is not eligible to be claimed as a dependent on someone else's tax return. Since he also has a valid Social Security Number, Tony is eligible to receive an economic stimulus payment of \$300. Tony should notify the IRS he is eligible by filing a simple federal income tax return showing the amount of his income from the jobs he worked.
- Ed and Betty are married and have no dependent children. They both have valid Social Security Numbers and neither can be claimed as a dependent on someone else's tax return. They each worked at jobs during parts of 2007, with Ed earning \$1,200 and Betty earning \$2,700. Individually, neither had enough qualifying income (\$3,000 or more) to be eligible for an economic stimulus payment. However, they can combine their earned income for a total of \$3,900, which, if they file a simple tax return jointly, qualifies them for a \$600 economic stimulus payment.

For More Information and Help

If you feel you need help in preparing this simple-version tax form, you may wish to visit one of the more than 12,000 [volunteer free tax help](#) locations across the country. To locate the nearest volunteer free tax help location call the 211 or 311 local assistance number, if available, or call the IRS toll-free number 1-800-906-9887.

Reminder: Don't Wait

Economic stimulus payments will be issued beginning in early May and will continue through the rest of the year. An individual who files this simple tax return by April 15 and chooses Direct Deposit will likely be among the first group of people to receive their economic stimulus payments.

The longer someone waits to file, the longer it will take to receive the economic stimulus payment. By law, the IRS cannot issue any economic stimulus payment checks or Direct Deposits after Dec. 31, 2008. Individuals must file the simple tax form with enough time left in the calendar year for the IRS to process it and issue the economic stimulus payment before the end of the year.

Related items:

- [Economic Stimulus Payments Information Center](#)
- [Information for Low Income Individuals](#)