



CRS Report for Congress

A Fact Sheet on the Economic Stimulus Rebate for Social Security and Veterans' Benefit Recipients

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Summary

The Economic Stimulus Act of 2008 (P.L. 110-185) will provide a tax rebate to (1) taxpayers with a (net) federal tax liability and (2) certain other eligible individuals and families. For the first group, taxpayers with a net tax liability, the rebate will be calculated by the Internal Revenue Service (IRS) on the basis of the tax return they would file this year.

The second group, many of whom would normally not have to file a tax return this year, will need to file a tax return to receive an economic stimulus rebate. The second group includes many recipients of monthly Social Security benefits and certain veterans' benefits paid by the Department of Veterans Affairs (VA). This report provides information for Social Security beneficiaries and Veterans' benefit recipients and their families on eligibility for the rebate, the rebate amount, and how they can receive an economic stimulus rebate. This report will not be updated.

Who Is Eligible for the Economic Stimulus Rebate?

Individuals and families who would normally not file a tax return this year are eligible for an economic stimulus rebate if they have (total) income of at least \$3,000 or more from (in any combination):

- earned income from wages, salaries, tips, or net earnings from self-employment;
- monthly Social Security benefits (Old Age, Survivors, and Disability Insurance benefits);
- Railroad Retirement Tier I benefits;
- disability compensation paid by the VA;
- disability pension or survivors pension paid by the VA,
- dependency and indemnity compensation paid by the VA; or
- combat pay.

To receive the economic stimulus rebate, an individual must have a valid Social Security number (SSN). If filing a joint tax return, both spouses must have valid SSNs to be eligible for the larger rebate for married couples (see below). To be eligible for the additional rebate for a child, the child must have a valid SSN.

How Much Is the Rebate?

Individuals and families who would normally not have to file a tax return this year and have at least \$3,000 of income from the sources noted above are eligible for an economic stimulus rebate of \$300 for individuals and \$600 for married couples. In addition, there is an additional rebate of \$300 for each child under 17.

The economic stimulus rebate does not count as income for Supplemental Security Income (SSI) purposes. *Also, the economic stimulus rebate may be intercepted by the government (federal, state, or local) for past due taxes, child support, or for any other obligations that tax agencies are authorized to collect from tax refunds.*

How To Get a Rebate?

Everyone eligible for a rebate must file a tax return in order for the IRS to know his or her name and address and to determine their eligibility for the rebate. To ensure that the tax rebate is received in 2008, a tax return should be filed by October 15, 2008. The IRS encourages eligible individuals to file their income tax returns as soon as possible, to ensure they will receive their rebates in a timely manner. Starting in May 2008, the U.S. Treasury will begin sending economic stimulus rebates to American households.

Individuals and families who normally would not have to file a tax return this year *must file a tax return to receive a rebate*. Beginning in mid-March 2008, the IRS will be sending an informational and tax filing package to recipients of Social Security and veterans' benefits (paid by the VA) to help them file a tax return for the rebate. The package contains a Form 1040A with instructions for completing and filing this tax form.¹ Social Security and Railroad Retirement Tier I benefit recipients should use the information from their Form SSA-1099 or Form RB-1099 to report their annual benefit amount. However, any individual who does not have a 1099 form showing benefit information can multiply the monthly benefit for 2007 by the number of months the benefit was received to estimate the annual benefit amount. The IRS encourages individuals and families with a bank account to complete the direct deposit information on the tax form, as direct deposit is the easiest and fastest way to receive the rebate payment from the IRS.

The IRS does not gather information for the rebate over the telephone, and it does not send unsolicited e-mail to anyone about tax matters. Anyone receiving an unsolicited e-mail from someone claiming to be from the IRS should not click on any links. People should forward any unsolicited email to phishing@irs.gov, and then delete it. The only official IRS website is located at [http://www.irs.gov/].

¹ The Form 1040A package for the rebate can be found on the IRS website at [http://www.irs.gov/pub/irs-utl/package_1040a-3.pdf].