Administrative Letter No. DAAS-08-04 - Economic Stimulus Act Payments (Stimulus payments were received in 2008 only)

N.C. Division of Aging and Adult Services - Adult Services Section

Date:	March 18, 2008
Subject:	Economic Stimulus Act Payments
Distribution:	County Directors Special Assistance Supervisors Adult Services Supervisors
Effective	April 1, 2008

On February 13, 2008, President Bush signed Public Law 110-185, the Economic Stimulus Act of 2008, which provides for tax credits and rebates to certain individuals. Many retirees, disabled veterans, and low-wage earners who are usually exempt from filing a tax return must file for 2007 in order to receive an Economic Stimulus Act payment (stimulus payment). Qualifying taxpayers will receive stimulus payments beginning in May 2008.

For Special Assistance applicant/recipients (a/rs), the tax rebates/refunds will not be counted as income, and will not be counted as resources for the month of receipt and the following two (2) months based on Section 101(d) of Public Law 110-185.

An insert with this information will be included with recipients' April Medicaid card and is attached with this letter.

I. Qualifying for and Receiving the Economic Stimulus Payment

Individuals/couples must file a 2007 federal tax return, even if they normally do not file, and must have received at least \$3,000 of qualifying income.

Qualifying income includes Social Security, Railroad Retirement Benefits, and Veteran's payments.

<u>SSI income is not counted toward the \$3,000 qualifying threshold</u>. Therefore recipients who receive SSI **only** will not qualify for the stimulus payment. However, SSI recipients who had other sources of qualifying income and that income totals at least \$3,000 for 2007 may qualify for a stimulus payment.

Low-income wage earners may also qualify if their earned income and/or combined earned and unearned income of Social Security, Railroad Retirement, or Veteran's Benefits totals \$3,000.

The IRS will provide special filing instructions for those who do not otherwise have a filing requirement. The instructions will explain which lines on the tax return the filers need to complete. Further information is included in III below or found at: <u>http://www.irs.gov/</u>

II. Payment Amounts

Payments for those who qualify will total \$300 for individuals and \$600 for joint filers with no qualifying children. The IRS will automatically figure the payment amount and will send qualifying recipients a notice showing the amount of the payment.

- A. The stimulus payment will be excluded as income for all applicant/recipients.
- B. The amount equal to the stimulus payment will be excluded as a resource during the month of receipt and the two months following.
- C. If the a/r has excess resources at application or redetermination, view the notice of payment for the stimulus check or the IRS direct deposit to determine the exclusion period.

III. Free Tax Filing Help Available

- A. Individuals who need to file a return this year to receive a stimulus payment may be able to take advantage of thousands of free tax preparation sites nationwide for low-income and elderly taxpayers. In NC, some for-profit tax preparing businesses are visiting long term care facilities and charging to file for the stimulus checks. The IRS is mailing special information packages to recipients of Social Security or Veterans benefits. The 10-page tax package contains everything the recipients will need to file a 2007 tax form immediately. Each package contains an informational notice, tips for completing Form 1040A, a sample Form 1040A and an actual Form 1040A for the filer to complete. The package is specially designed for people who may qualify for an economic stimulus payment but who normally are not required to file a tax return. For a copy see: <u>http://www.irs.gov/pub/irs-utl/package_1040a-3.pdf</u>
- B. The IRS also has an online option for filing for those who do not normally need to file at <u>Free File Economic Stimulus Payment</u>. Several Free File software providers are making their products available for the simplified filing of a tax return.
- C. The Volunteer Income Tax Assistance (VITA) program provides help to low and moderate income taxpayers. Legal Aide of NC is an approved Vita Site. Each office around the State has certified preparers. To find the Legal Aide of NC office for each county, go to http://www.legalaidnc.org/Client/Locator.aspx

For other VITA sites, call 1-800-906-9887 to locate the nearest VITA site.

D. The Tax Counseling for the Elderly (TCE) Program provides free tax help to people age 60 and older. As part of the IRS-sponsored TCE Program, AARP offers the Tax-Aide counseling program at more than 7,000 sites nationwide during the filing season. To find an AARP Tax Aide site, call 1-888-227-7669 or visit the AARP web site at: <u>http://www.aarp.org/money/personal/articles/advisory about economic stimulus</u> <u>payments.html</u>

If you have any questions regarding this information, please contact your Adult Programs Representative, or Brenda Porter, SA Program Coordinator at (919) 733-3818.

Sincerely,

Tennis W. Streets

Dennis W. Streets Director

Attachment

An Economic Stimulus Payment From The Federal Government.

What You Could Get: You could receive a payment of \$300 for individuals, or \$600 if you are married and filing jointly. Eligible taxpayers who qualify for a payment may receive an additional \$300 for each qualifying child. To qualify a child must be under age 17 as of December 31, 2007.

What You Need To Do: All you have to do to get the stimulus payment is fill out, and file, a 2007 IRS Form 1040 or Form 1040A, and report at least \$3,000 in qualifying income on the form. You will enter your name, address, Social Security Number, and filing status on the form. Then just enter the amount of VA benefits received, or SSA reported to you in January on Form 1099-SSA, and/or earned income. In addition, you should write the words "Stimulus Payment" at the top of the 1040A or 1040.

Qualifying Income: Add the amount of your Social Security benefits to other qualifying income, such as wage earnings or certain benefits paid by the Department of Veterans Affairs, to reach the \$3,000 requirement. However, <u>Supplemental Security Income (SSI) does not count as qualifying income for the stimulus payment.</u>

Will This Payment Affect My Countable Monthly Income For Medicaid, Special Assistance, Or Work First Benefits? No! However, any amount of the stimulus payment remaining the third month following receipt could count toward your resources limit.

When Will I Receive My Payment? The IRS will begin mailing checks in early May.

For More Information: In late March 2008, the IRS will mail a packet of information to recipients of Social Security benefits who did not file a tax return last year. The packet will contain guidance to help you claim the stimulus payment. If you need information in the interim, you can visit the IRS web site at www.IRS.gov.

Qué podría usted conseguir: Usted puede recibir un pago de \$300 para individuos y \$600 para contribuyentes casados presentando declaración conjunta. Los contribuyentes elegibles de impuestos también podrían recibir \$300 adicionales por cada hijo calificado. Para que su hijo califique debe ser menor de 17 años desde diciembre 31 del 2007.

Qué necesita hacer usted: Todo lo que tiene que hacer para recibir el pago del estímulo económico es usar el Formulario 1040 o 1040A del Servicio de Impuestos Internos (IRS) para su declaración de impuestos del 2007 y reportar por lo menos \$3,000 en ingreso calificativo en el formulario. Usted dará su nombre, dirección, número de seguro social, y el estado de su declaración en el formulario. Entonces, incluya la cantidad de beneficios recibidos para veteranos, o de Seguro Social reportados en el Formulario 1099-SSA y/o ingreso ganado. Adicionalmente, usted debe de escribir las palabras "Stimulus Payment" en la parte superior del formulario 1040A o 1040.

Ingreso Calificativo: Agregue la cantidad de sus beneficios de Seguro Social a otros ingresos calificativo, tal como ganancias de salario o ciertos beneficios pagados por el Departamento de Asuntos de Veteranos, para alcanzar el requisito de \$3,000. Sin embargo, <u>ingreso de Seguro Suplemental (SSI) no cuenta como ingreso calificativo para el pago del estímulo económico.</u>

¿Este pago afectará mi ingreso mensual que puede ser contado para Medicaid, Asistencia Especial, o beneficios de Asistencia Familiar de Work First? ¡No! Sin embargo, el tercer mes después de haber recibido el pago del estímulo, cualquier cantidad restante puede ser contada hacia su límite de recursos.

¿Cuándo recibiré mi pago? El IRS comenzara a enviar pagos del estímulo económico a principio del mes de mayo.

Para más Información: Al final del mes de Marzo del 2008, el IRS enviará por correo un paquete de información para los recipientes de beneficios de Seguro Social que no declararon sus impuestos el año pasado. El paquete contendrá información para ayudarle a reclamar el pago del estímulo. Si usted necesita información adicional, usted puede visitar la página www.IRS.gov.