

# Navigator Resource:

## Calculating the Recovery Rebate Credit

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Clients who missed out on their full 1st or 2nd Economic Impact Payments (EIP) will have the opportunity to claim the missing payments when completing the IRS non-filer form.

### Recovery Rebate Credit Introduction

The non-filer form allows clients to quickly complete a simplified tax return to register for the AdvCTC and claim any missed or incorrectly reduced 1st or 2nd EIPs, referred to as the Recovery Rebate Credit and is reported on line 30 of the 1040. The third EIP is not included in this calculation but will be triggered once the IRS has the client's information.

### Getting Started

When completing the “Recovery Rebate Credit Amount” on the IRS Non-Filer tool, navigators should ask clients if they received the 1st and 2nd payments. Below are the three possible responses:

1. Certain they received both payments: Check to make sure they haven't already filed a 2020 return. If they have filed for 2020, they are not eligible to use the non-filer form. If they haven't filed, skip or leave blank the Recovery Rebate Credit Amount.
2. Certain they *have not* received 1st and/or 2nd payments: Help them calculate their full allowable amount (see calculation later) and enter under the Recovery Rebate Credit Amount. See “Challenging Circumstances” below for specific scenarios that should be considered.
3. Unsure if/ how much they received:
  - a. Recommended: Help calculate the full amount (see calculation later) and provide the dates they may have received these amounts to see if that helps them remember. We recommend that they make their best guess as to how much they received. If it's wrong, it could significantly delay their refund, but it allows the IRS to calculate the correct amount and send them their 1st and 2nd EIPs.
  - b. Alternative option: If the client needs their AdvCTC immediately, they can leave the RRC line blank, and the IRS will issue their AdvCTC only. The IRS will not send their 1st or 2nd EIPs unless the client takes further action to amend their 2020 return.
  - c. If they are still uncertain, see “Uncertain About Payments.”

### Uncertain About Payments

Below is additional information and considerations in serving clients unsure about their EIPs.

Those likely to have been issued the full amount: Most clients who file each year will have already received their full payments. Below are scenarios that encompass who probably already received their EIPs:

- Filed a 2019 tax return with no significant changes their household or income

- Filed a nonfiler form in 2020 with no significant changes to their household
- Non-filers who received one or more of the following benefits, with no qualifying children:
  - Social Security Disability Insurance (SSDI),
  - Railroad retirees, and
  - Supplemental Security (SSI)
  - Veteran Affairs (VA) beneficiaries

Options to check payments received:

- If clients typically request direct deposit, have them contact their financial institution to ask if they received any payments from the IRS Treasury for EIP1 or EIP2.
- Create an [IRS account](#) to check payments. In order to open this account, clients will need:
  - Personal information: Name, date, SSN/ITIN, last tax filing status, & mailing address
  - Email
  - Financial account: Credit card, or student, auto, mortgage or home equity loan

Consequences of incorrectly calculating RRC:

1. If the RRC entered does not match IRS records, the IRS will delay processing the refund in order to correct the payment amount, and the client will receive a letter from the IRS explaining the adjusted amount.
2. If they leave it blank and are eligible for additional EIP payments, they will need to file an amended return to claim the full amount. The IRS will not automatically correct the issue.
3. There are no penalties for calculating the incorrect information.

Recommendations: Clients should be made aware of their options and possible consequences in order to make the best decision for their circumstances. If they ask for advice, we recommend that they make their best guess as to how much they received. If it's wrong, it could significantly delay their refund, but it allows the IRS to calculate the correct amount and send them their 1st and 2nd EIPs. If the client needs their CTC immediately, they can leave the RRC line blank, and the IRS will issue their AdvCTC only. The IRS will not send their 1st or 2nd EIPs unless the client takes further action to amend their 2020 return.

**Determining Eligible EIP Amount**

1st EIP: *Generally this payment was issued between April-October of 2020*

1. \$1,200 per eligible individual or \$2,400 for eligible married couples filing jointly.
 

Eligibility requirements for individual and spouse:

  - a. Valid SSN (eligible for employment)
  - b. Make less than \$75,000 (single); \$150,000 (married filing jointly); \$112,500 (head of household)
  - c. Cannot be claimed as a dependent on another person's return
2. \$500 per eligible child. Eligibility requirements for child:
  - a. Must have SSN or ATIN (Adoption Taxpayer Identification Number)

- b. Must be under the age of 17 in 2020 (born on or after January 1, 2004)
- c. Claimed as a dependent by the client in 2020
- d. Is their son, daughter, grandchild, stepchild or adopted child; younger sibling, step-sibling, half-sibling, or their descendent; or a foster child placed with them by a government agency.

2nd EIP: *Generally this payment was issued between December 2020-February 2021*

- 1. \$600 per eligible individual or \$1,200 for eligible married couples filing jointly. Same eligibility requirements as the 1st EIP.
- 3. \$600 per eligible child. Same child eligibility requirements as the first EIP.

Basic Calculation

1st EIP = \$1,200 X \_\_\_ (enter # of eligible individuals) + \$500 X \_\_\_ (enter # of eligible children)

2nd EIP = \$600 X \_\_\_ (enter # of eligible individuals) + \$600 X \_\_\_ (enter # of eligible children)

**Challenging Circumstances**

Below are some scenarios of why some individuals with more have not received their payments and possible solutions:

- EIP1 was used to pay for back child support
  - Recommendation: Do not include payment in RRC. EIP1 could be used to pay back child support and will not be reissued to the client.
- IRS issued a payment but it was lost, stolen, destroyed, or never received
  - Recommendation: Help the client contact the IRS to start a payment trace and claim the missing payment as part of the RRC. To start a payment trace, clients can call 800-919-9835 or mail/fax Form 3911. For further payment trace instructions, go to: <https://www.irs.gov/coronavirus/second-eip-faqs#howdoi>
- Client tried to file but their original return was rejected
  - Recommendation: If the client isn't sure the reason their return was rejected, help them file a non-filer form to get the exact reject code/reason to determine appropriate next steps.
    - Coming soon: The GYR team will produce a document that outlines common reasons for rejected returns and possible next steps.