

AMENDED

Volunteer Tax Alert (VTA) – 2010-02 February 12, 2010

American Reinvestment and Recovery Act (ARRA) \$250 - Economic Recovery Payment (ERP) Procedures

Issue:

Between May and August 2009, the Social Security Administration, Department of Veterans Affairs and the Railroad Retirement Board issued one-time Economic Recovery Payments (ERP) of \$250 (\$500 MFJ if both taxpayers qualify) to qualified recipients. Some beneficiaries will need to know whether they received the one-time economic recovery payment in 2009 to complete their federal income tax returns. Some individuals can't recall if they received the economic recovery payment and need help determining if they did or did not receive a payment. When this information is not entered on Schedule M correctly, the return will be rejected by the e-file system.

Deputy Commissioner with Wage & Investment has been in continual conversations with Railroad Retirement Board, Social Security and the Veterans Administration regarding the Economic Recovery Repayment (ERP) rejects that are occurring nationwide to determine what these agencies can do to help beneficiaries determine if they received an ERP. These agencies have assured us that their toll free lines are staffed and able to address questions regarding the \$250 (\$500 MFJ if both taxpayers qualify) payments issued to qualified individuals.

Taxpayers do not have to file a tax return to get the Economic Recovery Payment (ERP). Therefore, if a taxpayer does not have a filing requirement, volunteers must not prepare a tax return for this payment. If a taxpayer is also a beneficiary of SSA, VA or RRB and does not know if they received an ERP, they should contact the applicable payer agency listed below for more information about the \$250 (\$500 MFJ if both taxpayers qualify) payment.

Purpose:

Several concerns were received regarding how VITA/TCE volunteers should prepare tax returns for qualified ERP recipients with respect to the new Schedule M, Making Work Pay and Government Retiree Credits so that the returns are accepted into the efile system. This VTA provides instructions on how to prepare returns for taxpayers who appear to qualify but who may not remember if they received their ERP. Do not confuse the ERP with the government retiree credit.

Qualification:

Nearly 53 million Social Security and Supplemental Security Income (SSI) beneficiaries received a one-time payment of \$250 (\$500 MFJ if both taxpayers qualify) each. To receive a payment, the beneficiary's address of record must be in one of the 50 states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, or the Northern Mariana Islands.

Individuals who were eligible for Social Security, SSI, Veterans, or Railroad Retirement benefits at any time during the months of **November 2008, December 2008, or January 2009** are eligible for the one-time payment.

Do not confuse the ERP credit with the Government Retiree Credits (US, State or Local Government) which is also \$250.

Instructions on How to Prepare Tax Returns with ERP:

Based on this criterion, taxpayers must know if they received the credit prior to return preparation. This can be accomplished by one of the following methods:

- If possible, sites should advertise what is required to have a return prepared. The verification of receipt of the \$250 (\$500 MFJ if both taxpayers qualify) payment should be included in this message.
- If taxpayers are not sure they received the credit, they must call the paying agencies prior to visiting the sites for return preparation.
- During the screening process, the taxpayer should be asked about the \$250 (\$500 MFJ if both taxpayers qualify) payment, if they are not sure or cannot remember they must call the paying agency.
- As a last resort, the taxpayer can contact toll free at 1-800-829-1040:
 - Select #2, Forms submitted/Personal Income Taxes/ payment, then
 - Select #2, Tax History or payment, then
 - Select #3, Tax History or payment, then
 - Select #2, Tax History or payment, then
 - You must enter your social security number
 - You will be placed on hold to speak with a trained assistor

Note: During the peak filing season, you will experience significant delays on toll free.

Refer taxpayer to the appropriate payer agency listed below for more information.

Agency Contacts:

Agency Issuing the ERP	Type of Payment Received: If you received:	Phone Number	Other Comments
Social Security Administration	Social Security Benefits or Supplemental Security Income (SSI)	1-800-772-1213 (say "agent" and then "personal" for quicker service.	One-time payment sent in May separate from monthly SS check (paper and electronic) Payment will not show on 1099 SSA statement.
Department of Veterans Affairs	Disabled Veterans Benefits	1-800-827-1000	Payments delivered between June and August.
Railroad Retirement Board	Railroad Retirement Benefits	1-877-772-5772 (then push 0 to be connected to local office)	TP should review bank statements between May and August. They will look up the payment. Callers must have their RRB number

We are working with our automation and programming staff to determine the feasibility of adding a look-up feature for the ERP on IRS.gov, however, this type of program is generally accomplished during the pre-filing season, therefore, it is doubtful that this will be available in time to alleviate the current situation.

Thank you for volunteering to serve your community and for your dedication to providing top QUALITY service!

If you have any questions, please discuss with your site coordinator, email partners@irs.gov or contact your local IRS SPEC relationship manager.