

The Recovery Rebate Credit – things you should know

The IRS sent out first-round Economic Impact (stimulus) Payments (EIP) in 2020. They based the amount of payment they sent out on the information they had from 2019 or 2018 tax returns.

The IRS also sent out a second round of Economic Impact (stimulus) Payments (EIP) in January 2021. They based the amount of payment they sent out on the information they had from your 2019 tax return.

Common reasons the amount you qualify for may be different from the EIP you received include:

- Your filing status changed.
- The number of children you're claiming is different.
- Your income increased or decreased.

If you qualify for a larger EIP amount based on your 2020 tax return, you qualify for the Recovery Rebate Credit, which increases your refund or decreases the amount you owe. The amount of your Recovery Rebate Credit is the amount of EIP you qualify for minus the amount of EIP you actually received.

For example, if you received an EIP of \$2,400 in 2019 but you qualify for \$2,900 based on your 2020 return, your Recovery Rebate Credit will be \$500.

If the amount you qualify for based on your 2020 tax return is lower than the EIP you received, you don't need to repay any money received.

If you qualify for the Recovery Rebate Credit, we'll ask you for the amount of EIP you received last year and calculate the credit for you.

What you should be looking for!

If you received an EIP in 2020 there are a couple of ways you can figure out how much you received:

Refer to Notice 1444 that you should have received in the mail after the payment was made.

Look at your bank statement (note this may not include the full amount if there were offsets for past-due child support).