

## **How Stimulus Payments Are Treated For Tax Purposes & What To Do If You Didn't Get One - Tax Planning**

With over 160 million stimulus payments sent with the first round of pandemic relief efforts, many in receipt of the payments are asking whether the payments are taxable or not. The IRS has clearly stated that stimulus payments, regardless of income or status, are not taxable.

For those that did not receive a stimulus payment in 2020 but believe that they were due one, a filing for the Recovery Rebate Credit can be done. In essence, anyone who didn't get a check can request a tax credit for the amount owed. A tax credit is considered better than a tax deduction since a tax credit directly credits, or reduces, taxes owed. For example, if someone was due a \$600 stimulus payment and never received it, then they can claim that \$600 as a credit against any taxes owed. In order to calculate and determine eligibility for the credit, the IRS has created a Recovery Rebate Credit page available at <https://www.irs.gov/newsroom/recovery-rebate-credit>.

The IRS notes that a tax return for 2020 needs to be filed in order to claim the Recovery Rebate Credit, even if someone doesn't normally file. Economic Impact Payments were based on 2018 or 2019 tax year filings, while the Recovery Rebate Credit is based on tax year 2020 information. The IRS is sending IRS Notice 1444 for the first round of payments in 2020, and mailing a second IRS Notice 1444-B for the second round soon. Both would be used when filing for a Recovery Rebate Credit.

Source: [IRS.gov, www.irs.gov/newsroom/recovery-rebate-credit](https://www.irs.gov/newsroom/recovery-rebate-credit)

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