



Delivery of Economic Impact Payments (EIPs)

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To mitigate the financial hardship many Americans are experiencing during the coronavirus pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136). A critical element of the aid package is direct payments to certain individuals in 2020. The payments are referred to as “recovery rebates” in Section 2201 of the act, but the Internal Revenue Service (IRS) calls them “economic impact payments” (EIPs) in the notices it shares with the general public. To qualify for a full EIP, an individual’s adjusted gross income (AGI) in 2019 cannot exceed \$75,000 (or \$150,000 for married couples filing jointly). The payment phases out for AGIs between \$75,000 and \$98,000 for single filers, and between \$150,000 and \$198,000 for joint filers.

For more information on these payments, see CRS Insight IN11282, *COVID-19 and Direct Payments to Individuals: Summary of the 2020 Recovery Rebates/Economic Impact Payments in the CARES Act (P.L. 116-136)*.

This Insight presents a brief overview of the delivery of EIPs and identifies factors that might affect the timing and accuracy of their delivery.

Delivery of Payments

The IRS is administering the EIP program, with assistance from the Treasury Department’s Bureau of the Fiscal Service. In doing so, it has drawn on its experience in administering a [similar payment program](#) established by the Economic Stimulus Act of 2008 (ESA, P.L. 110-185).

The CARES Act provided the IRS with \$500.7 million to implement the program; the funds are available until September 30, 2021. By contrast, [Congress appropriated](#) \$270 million for the IRS to implement the 2008 stimulus payments.

The IRS is issuing EIPs to three categories of taxpayers:

- eligible individuals who filed a return in 2019 (or in 2018 if no return for 2019 is filed before payments are disbursed);
- eligible individuals who did not file a return for either year but who received Social Security benefits, Railroad Retirement (RR) benefits, Supplemental Security Income, or certain Veterans Administration benefits in 2019; and

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- all other eligible individuals who filed no return for either year and received none of the benefits listed in the previous category; these individuals are often referred to as *nonfilers*.

Taxpayers in the first category automatically receive a payment. Those who provided bank account information to the IRS in 2019 or 2018 are to receive a payment via direct deposit. Some individuals who filed their 2018 or 2019 returns with the help of a tax return preparation firm such as Intuit or H&R Block and received a refund anticipation loan may experience a delay in getting their payment via direct deposit.

Taxpayers in the first category who did not provide bank account information to the IRS are to receive a check in the mail. Tens of millions of taxpayers could be in this position. According to the [National Taxpayer Advocate](#), 41% of filers (or 64 million individuals) for the 2018 tax year did not provide bank account information on their return. To speed up delivery to such taxpayers, the IRS created an online application called [Get My Payment](#). It allows individuals to track the status of their payment and provide direct deposit information.

Taxpayers in the second category also receive a payment automatically, even if they did not file a return for 2018 or 2019 and provide no other information to the IRS. Providing the IRS with direct deposit information through Get My Payment could speed up its delivery.

Taxpayers in the third category must register with the IRS to get a payment. This group is among the [estimated 6 million people](#) who do not have to file because their income is below the filing threshold. To expedite the registration process, the IRS has launched an online tool ([Nonfilers: Enter Payment Info Here](#) page at IRS.gov), where nonfilers can enter the required information.

The IRS announced on May 18 that it soon would begin distributing EIPs via debit cards to the 4 million persons who have no bank account information on file with the IRS and whose latest tax return was processed at IRS's service centers in Austin, TX, or Andover, MA. Some taxpayers in the second and third categories could benefit from this delivery option.

Factors That May Affect the Delivery of EIPs

It took the IRS about 10 weeks to start distributing the 2008 ESA stimulus payments after enactment of the ESA. By the end of 2008, the IRS had delivered nearly 143 million payments worth a total of \$107.3 billion. By contrast, the IRS began delivering the [first round of EIPs](#) 15 days after enactment of the CARES Act. By May 8, the [IRS had delivered payments](#) totaling over \$200 billion to about 130 million persons, mostly via direct deposit. (As a point of reference, the [Joint Committee on Taxation](#) has estimated that the revenue cost of EIPs in FY2020 will total \$269 billion.)

There are several factors that could affect the timing and accuracy of IRS's future distribution of EIPs. One factor is the size of IRS's workforce. It is 20% smaller today than it was when the IRS administered the 2008 stimulus payments. With this reduced workforce, the IRS is processing 2019 tax returns (which are due by July 15) while implementing the EIP program. Even allowing for an increase in overall productivity between 2008 and today, the agency may find it difficult to deliver EIPs to eligible taxpayers for whom it has no bank account information or a current mailing address.

Another factor is the current status of the IRS workforce. In mid-March, to protect employees and taxpayers from contracting the coronavirus, the agency closed its Taxpayer Assistance Centers and reduced taxpayer phone service. Then on March 30, IRS managers ordered employees who could work remotely to do so immediately. It is unclear how teleworking is affecting the EIP program. Although [some employees returned](#) to their offices in late April, there is concern that remaining critical work for the program cannot be done in a timely manner by employees still working from home. To increase phone assistance for taxpayers with questions about their EIP, the IRS announced on May 18 that 3,500 phone operators have been recalled.

Some are concerned that a shortage of IRS employees with a [good working knowledge of COBOL](#)—the programming language for IRS’s core information systems since the early 1960s—might also slow the timing of EIP delivery to certain taxpayers. If the IRS wants to hire more programmers to help implement the EIP program, finding qualified candidates may prove a challenge.

Yet another factor is the IRS’s [seeming reliance on the internet](#) to provide needed information and a mechanism for low-income nonfilers to receive a payment. At the moment, many nonfilers may have trouble accessing the internet, owing to the pandemic. Places where they normally may get access, such as public libraries and volunteer taxpayer assistance centers, are closed in many communities. These closures may make it difficult for many of them to provide the needed information before the end of the year, when the EIP program expires. Eligible persons who receive no payment this year will have to wait until they file their 2020 to return to receive a comparable benefit.

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