



Delivery of Economic Impact Payments (EIPs)

Updated June 17, 2020

To mitigate the financial hardship many Americans are experiencing during the Coronavirus Disease (COVID-19) 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, which is issuing the payments. 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). According to figures from the IRS, most payments had been delivered by June 3, 2020.

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.

EIPs have been distributed 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 were not required to file a return for either year and who received Social Security benefits, Railroad Retirement (RR) benefits, Supplemental Security Income, or certain Veterans Administration benefits in 2019; and

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IN11393

- 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 received a payment. Those who provided bank account information to the IRS in 2019 or 2018 to receive a refund got their payment via direct deposit. Some individuals who filed their 2018 or 2019 returns with the help of a tax return preparation firm may have experienced a delay in getting their payment.

Taxpayers in the first category who did not provide bank account information for those years to the IRS received a check in the mail, unless they used an online application from the IRS called [Get My Payment](#) to provide direct deposit information. Taxpayers had until May 13, 2020, to do so.

Taxpayers in the second category (i.e., recipients of Social Security benefits, Railroad Retirement benefits, Supplemental Security Income [SSI], or certain Veterans Administration [VA] benefits in 2019) also received a payment automatically. They did not have to file a return for 2018 or 2019 or provide other information to the IRS. But in order to receive a \$500 payment for a qualifying child, recipients of Social Security benefits, SSI, and certain VA benefits had to provide certain details through an online tool for nonfilers ([Nonfilers: Enter Payment Info Here](#) page at IRS.gov) by early May 2020.

Taxpayers in the third category must register with the IRS to get a payment. This group encompasses an estimated 12 million people who were not required to file in 2018 and 2019 because their income was below the filing threshold for their filing status. To expedite the registration process, nonfilers in this category are encouraged to use the same online tool for nonfilers. The deadline for registering is October 15, 2020.

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 June 3, the [IRS had delivered over 159 million payments](#) totaling \$267 billion; 120 million payments (or 75%) were delivered via direct deposit, 35 million (or 22%) as paper checks, and 4 million as prepaid debit cards. (As a point of reference, the [Ways and Means Committee](#) estimated at the outset of the EIP program that between 150 million and 170 million taxpayers would receive payments, and that the IRS would need to obtain information from 90 million to 110 million of them to deliver payments via direct deposit or a paper check.)

There are several factors that may have affected the timing and accuracy of the IRS's 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 COVID-19, 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 has affected the EIP program. Although [some employees returned](#) to their offices in late April, there has been 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 had been recalled.

Some have been 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 affect the delivery of EIPs to certain taxpayers.

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. Most EIPs have been delivered, and the IRS is now focused on delivering them to nonfilers for whom the IRS has no current information. Conducting outreach through the internet may not lead to the desired results, because many of these individuals may be having trouble accessing the internet, owing to the pandemic. Places where they normally may get access, such as public libraries, community centers, and volunteer taxpayer assistance centers, remain closed in many communities. According to an estimate by the [Pew Research Center](#), 46% of American adults with household income below \$30,000 do not own a computer. Nonfilers for 2018 and 2019 who do not register with the IRS by October 15, 2020, may be able to claim an equivalent payment if they file a tax return for 2020.

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