

Myth Busting: 2020 Economic Impact Payments



Myth 1 – I will have to pay income taxes on this check.

No. The federal government and state will not be counting the economic impact check as income. You will not pay taxes on it.

MYTH 2 – I will have to pay back the money next year because the children I claimed on my taxes for this payment won't live with me then.

No. This is one-time money. If you qualified this year, you will not need to repay the money next year, even if that child no longer lives with you.

MYTH 3 – This money is an advance on next year's tax return so my tax refund will be smaller in 2021.

No. The economic impact payment will not impact the amount you owe in taxes or receive as a refund when you file your 2020 taxes in 2021.

Myth 4 – I share custody of my child, so I won't get a check.

No. Not all of the economic impact payment is based on having children. People who meet income requirements can receive up to \$1,200 as an individual or up to \$2,400 if you filed jointly with your spouse. In addition, people are eligible for an additional \$500 per child 16 years and younger. If you share custody of a child, the parent who claimed him or her on the most recent tax return will receive the \$500.

Myth 5 – I just had a baby so I won't receive a \$500 payment for her.

If you had a child since the last time you filed a tax return, you are still able to receive the \$500 economic impact payment. However, you may have to wait until next year when you file your 2020 tax return to receive that \$500 payment. The economic impact payment is considered a "refundable tax credit" on tax returns, which means you can claim your new child on next year's return and receive the money regardless of how much you might owe in taxes.

Myth 6 – I haven't filed my taxes in years so I can't receive this money.

Anyone who qualifies can receive the economic impact payment even if they have not been required to file tax returns in recent years. Non-filers can enter their information online at the IRS website, <https://www.irs.gov/coronavirus/economic-impact-payments>.

Myth 7 –I got a letter, claiming to be from the “IRS” in the mail about my payment and it's a scam.

It can be hard to tell a scam apart from the real deal. The IRS does plan to mail a letter about the economic impact payment to a person's last known address within 15 days after the economic impact payment is made. The letter will provide information about how the payment was made and how to report if the payment never made it to you. If someone contacts you and says you've been overpaid – watch out, it could be a scam. The IRS will not send you an overpayment and make you send the money back in cash, gift cards, or a money transfer.

Myth 8 -My payment amount is tied to my 2020 Census submission.

No. The economic impact payments are part of the 2020 CARES Act. The new law is not tied to the Census or your participation in filling out your 2020 Census. For more information about the Census, visit www.uaex.edu/census.

Additional Resources

IRS: <https://www.irs.gov/coronavirus/get-my-payment>

Dept of the Treasury: <https://home.treasury.gov/news/press-releases/sm975>

State of Arkansas tax info: <https://www.dfa.arkansas.gov/news>



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