

Tax Team of New England

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Economic Recovery Rebate Credit

Eligible individuals can claim the **Recovery Rebate Credit** on their 2020 Form 1040. This form can also be used by people who are not normally required to file tax returns but are eligible for the credit.

The **Recovery Rebate Credit** is authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Any eligible individual who did not receive the full amount of the recovery rebate as an advance payment, also known as an Economic Impact Payment, can claim the Recovery Rebate Credit on a 2020 Form 1040.

Generally, this credit will increase the amount of your tax refund or lower the amount of the tax you owe.

You **do not** need to complete any information about the Recovery Rebate Credit on your 2020 Form 1040 if your Economic Impact Payment in 2020 was \$1,200 (\$2,400 if married filing jointly for 2020) plus \$500 for each qualifying child you had in 2020. You received all your recovery rebate in 2020.

CARES Act and the Economic Impact Payment

Under the CARES Act, millions of Americans have received Economic Impact Payments. The IRS will continue to make these payments through December 31, 2020.

In general, the Economic Impact Payment is not taxable to you for federal income tax purposes, but it will reduce any Recovery Rebate Credit that you can claim on your 2020 Form 1040.

Amounts of Economic Impact Payment received:

Taxpayer: \$ _____ Spouse: \$ _____

Dependents: _____ X \$500.00 = \$ _____

Understood and accepted:

Taxpayer Signature: _____ Date: _____

Name: _____
(Please Print)

Spouse Signature: _____ Date: _____

Name: _____
(Please Print)