

Seniors Need to File Tax Return to Get Rebate Check

Seniors and persons with disabilities can benefit from the economic stimulus law enacted on February 13, 2008, but they need to file an income tax return. Seniors, disabled veterans, veterans' widows and individuals who receive disability benefits will receive \$300 payments if they earned \$3,000 in Social Security or disability benefits in 2007. In addition, workers who earned at least \$3,000, but not enough to pay income taxes, will be eligible for payments of \$300. For higher income individuals, the law provides rebate checks of up to \$600 per individual. The stimulus payment begins to phase out for individuals with adjusted gross incomes (AGI) over \$75,000 and married couples who file a joint return with AGI over \$150,000.

An individual must file a tax return if they want to receive the rebate check, even if they do not have any tax liability. The 2007 tax return must show at least \$3,000 in qualifying income. For example, a taxpayer who had \$500 in earned income and \$2,500 in any combination of the benefits described above can count those benefit payments toward his or her qualifying income to reach the \$3000 earned income requirement, even though the individual would not otherwise owe taxes on such income. This does not mean the individual will be taxed on his or her Social Security income, but it must be reported in order to get the rebate. Some recipients of the benefits may have filed a 2007 tax return and they do not need to do anything else. Those individuals will begin receiving their rebate payments in early May. Others may need to amend a previously filed tax return to include benefits to reach the \$3,000 qualifying income level. Adding those benefits on an amended return will not increase your tax liability, but will establish eligibility for the rebate. Also note that if an individual has misplaced their 1099 from Social Security, they are allowed to estimate their 2007 income.

The legislation also provides that tax rebates will not be considered income for purposes of determining eligibility for federal and federally-assisted state benefit programs, such as SSI. This will protect those SSI and Medicaid recipients who have at least \$3,000 in non-SSI income and who will qualify for the rebate.

Individuals who need to file a return this year to receive the rebate may be able to take advantage of thousands of free tax preparation sites nationwide for low-income and elderly taxpayers. The Volunteer Income Tax Assistance (VITA) program provides help to low-and moderate income taxpayers. Call 1-800-906-9887 to locate the VITA site nearest you.

For more information on the stimulus payments and what income tax forms to file, go to www.irs.gov or call 1-800-829-1040.