



WESTERN CPE CLIENT LETTER

Dear Client,

Another Stimulus Rebate Payment Is Coming

Good news. The President signed the COVID-related Tax Relief Act of 2020 on December 27, 2020. The new law includes, in its almost 600 pages, the second round of recovery rebate payments.

Individuals and children (under age 17) are entitled to a \$600 rebate if income is below a threshold amount. A family of four can qualify for a \$2,400 rebate payment.

Note. Your adult dependent children do not qualify for the \$600 rebate.

The payment you receive is based on the income shown on your 2019 tax return. If your 2019 income is too high, you will not qualify for a recovery rebate payment. When adjusted gross income (AGI) exceeds \$75,000 single, \$112,500 head of household, and \$150,000 married filing joint, the payment is reduced by \$5 for every \$100, which your AGI exceeds the applicable threshold amount. For example, a single taxpayer with AGI over \$87,000 does not qualify for the rebate.

If you received a rebate payment during 2020, you will receive this second round, with this one caution. If the earlier rebate was based on your 2018 AGI (your 2019 return wasn't filed yet) and the 2019 AGI is higher, the phaseout rules may mean you will receive a reduced payment or no payment on the second round of rebates.

When will the rebate payment arrive? If you had direct deposit information on your 2019 return, the rebate payments should start to arrive in mid-January. Paper checks will be at least a month later. Do not expect a paper check (or a debit card) until near the end of February 2021. The IRS has an "Economic Impact Payment Information Center" page on their website at IRS.Gov. In a few weeks, the center should be open to help you track this additional rebate payment.

Warm Regards,