

7.0 SOCIAL SECURITY, BANKING & FINANCIAL ISSUES

SOCIAL SECURITY

7.1 Social Security Office Closures

The Social Security Administration (“SSA”) closed local, hearing, and regional offices to in-person visitors on March 17, 2020, due to the COVID-19 public health emergency. Due to these closures most in-person business such as interviews, appointments, and hearings have either been postponed or will be conducted remotely over the telephone or via MS Teams. Limited in-person service is available by appointment at local SSA offices for dire needs circumstances or for the purpose of submitting original documents, such as birth certificates or USCIS documentation. Additionally, the processing times for almost all SSA business have been increased and delays should be expected.

7.2 FAQs – Social Security

Q. 7-1 *Will I continue to get my SSA benefits?*

Yes. SSA will continue to make regularly scheduled Retirement, Survivors, Disability Insurance, and Supplemental Security Income benefits payments.

Q. 7-2 *How can I conduct business with SSA, such as file a new application for benefits or report changes?*

Most SSA business can be conducted online or over the telephone. This includes filing new applications for some types of benefits, appealing SSA determinations, and updating personal information. To see a complete list of what business can be conducted online please visit www.ssa.gov. If you are unable to perform a desired task online, you can still conduct most business with SSA over the telephone. Sometimes this will require SSA to mail you paperwork that you complete and mail back. Any documents that you mail to SSA should be mailed certified mail with return receipt requested to ensure that they are received on time. To contact SSA over the phone please call (877) 772-1213.

Q. 7-3 *Can I still apply for benefits?*

Yes. SSA is still accepting new applications for benefits and we encourage anyone who may be eligible to apply as soon as possible. If you need to apply for benefits you can either complete an application online or contact SSA over the telephone and ask to file an application. Do not wait to start your application until SSA offices reopen. This could result in losing benefits to which you are entitled.

Q. 7-4 *What if I already have an appointment or hearing scheduled with SSA?*

If you already have an in-person appointment or hearing scheduled with SSA you should immediately contact SSA to determine how to proceed. Most people who have in-person appointments or hearings already scheduled are being given the option of either conducting the appointment or hearing over the telephone or rescheduling to a later date when offices reopen. If possible, we recommend appointments or hearings be rescheduled until they can be conducted in-person. However, this could result in a delay

of several months. If you choose to proceed with a telephone appointment you need to make sure SSA has your current telephone number so that they can reach you at the scheduled time.

Q. 7-5 *I received a notice or letter from SSA asking me to provide information or appeal a decision if I disagree. Do I need to respond by the stated deadline?*

Yes. While SSA has said that it will extend deadlines for good cause if missed due to COVID-19, you should still file all responses within the stated deadlines. This is the only way to ensure that your filing is accepted. Most appeals can be filed online.

BANKING & FINANCIAL ISSUES

7.3 Extension on 2020 Income Tax Filing and Payment Deadlines

The Internal Revenue Service (“IRS”) extended the 2020 tax filing deadline to May 17, 2021, due to the COVID-19 pandemic. Texans, and those who have businesses in Texas, were granted an additional extension to June 15, 2021, following Winter Storm Uri and the disaster declaration issued by the Federal Emergency Management Agency (“FEMA”). This disaster-related extension provided relief for various tax filing and payment deadlines for individuals and businesses.

The IRS encourages Taxpayers to file their 2020 tax return electronically and include direct deposit information, if available. For Taxpayers expecting to receive a refund, the quickest way to receive payment is by filing electronically and electing to receive the refund by direct deposit. In order to file a 2020 tax return beyond June 15, 2021, and avoid late-filing penalties for returns that show a balance, Taxpayers must have submitted Form 4868 by June 15, 2021. By filing this form timely, the Taxpayer is automatically granted an extension to file their return until October 15, 2021. However, this does not grant an extension of time to pay taxes that are due. Form 4868 only waives penalties for late filing, not late payment of tax. Therefore, tax due should be paid by the extended deadline or else the IRS will assess a late-payment penalty.

7.4 Economic Impact Payments for Individuals under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”); the Consolidated Appropriations Act, 2021; and the American Rescue Plan Act of 2021

Congress passed several laws designed to provide taxpayers economic relief during the COVID-19 pandemic. Economic Impact Payments (EIP), also known as stimulus payments, were direct payments made to taxpayers. EIPs are advance payments of a refundable credit to be claimed on the individual’s tax return. The first Economic Impact Payment (“EIP1”) was a result of the CARES Act, passed into law on March 27, 2020. The second EIP (“EIP2”) was authorized by the Consolidated Appropriations Act, 2021, passed into law on December 27, 2020. A third round of payments (“EIP3”) was authorized by the American Rescue Plan Act of 2021, passed into law on March 11, 2021. Each EIP has different requirements and /or eligibility rules. More information on all three EIPs, including Frequently Asked Questions and Answers, can be found on the IRS website. EIPs are commonly referred to as “stimulus checks.”

7.5 Eligibility for, and Delivery of, the EIPs

The EIPs are not taxable income and taxpayers will not be taxed on the receipt of the EIPs. The Social Security Administration advised that EIPs are not treated as income for Supplemental Security Income (“SSI”) recipients, and they will similarly be excluded from resources for twelve (12) months from receipt. U.S. citizens and U.S. resident aliens (defined by IRS, not immigration, rules and regulations) are eligible for EIPs if they (1) have a Social Security Number (“SSN”) valid for employment; (2) are not a dependent of another taxpayer; and (3) have an adjusted gross income (AGI) under certain limits, based on filing status.

EIP Amounts for Individuals and Families

The amount an individual or family will receive is determined by a taxpayer’s filing status, number of eligible dependents and their AGI. The maximum amount varies for each EIP and is as follows:

- EIP1: \$1,200 per individual; \$2,400 for joint filers; and \$500 per qualifying child.
- EIP2: \$600 per individual; \$1,200 for joint filers; and \$600 per qualifying child.
- EIP3: \$1,400 per individual; \$2,800 for joint filers; and \$1,400 per qualifying dependent.

Income Thresholds

Taxpayers were eligible to receive the full amount of EIP1 if their AGI did not exceed the following:

- \$75,000 for individuals filing as single, married filing separately, or qualifying widow or widower
- \$112,500 for individuals filing as head of household
- \$150,000 for married couples filing a joint return

For EIP2 and EIP3, the AGI threshold for taxpayers with the filing status of qualifying widow or widower was increased to \$150,000, while the others remained the same. EIPs were reduced on a phase-out basis for taxpayers with AGIs greater than listed above.

Determination of Eligibility

Due to the urgency of issuing payments, the IRS used available taxpayer data when calculating the amount of EIP payments and the taxpayer’s eligibility for payments.

- EIP1: Eligibility was based on information reported on a taxpayer’s 2019 tax return, or their 2018 tax return if a 2019 tax return was not filed or processed by the time EIP1 was issued.
- EIP2: Eligibility was based on information reported on a taxpayer’s 2019 tax return.
- EIP3: Eligibility was based on information reported on a taxpayer’s 2020 tax return, or their 2019 tax return if a 2020 tax return was not filed or processed by the time EIP3 was issued.

Eligible Dependents

Additional payments for dependents under EIP1 and EIP2 made to individuals and families restricted eligibility to children under age 17 at the end of the tax year used to determine eligibility (see above). For EIP3, the age restriction was removed, and additional payments were made to individuals and families based on IRS rules for qualifying children and qualifying relatives, expanding eligibility to children under age 19 at the end of the tax year; qualifying students under age 24 at the end of the tax year; and permanently and totally disabled dependents, regardless of age.

Issuance of EIPs

The IRS issued all EIP1 and EIP2 payments prior to December 31, 2020. If a Taxpayer did not receive EIP1 or EIP2, they may qualify for the Recovery Rebate Credit (“RRC”). In order to obtain a missing EIP payment, the taxpayer must file a 2020 tax return and claim the RRC. If a taxpayer was not eligible for the EIPs at the time they were issued in 2020, they may be eligible to receive the payments when they reconcile the RRC on their 2020 tax return.

Taxpayers who did not receive the full amount of EIP1 or EIP2 in 2020 will receive additional payments if their 2020 tax return shows they are eligible for a greater amount. Recipients who were eligible to receive additional payments for qualifying children, but did not receive the payments, will be able to claim the missing amount on their 2020 tax return. This can generate a larger refund or a reduction of tax due. If the taxpayer’s 2020 tax return shows that they were not eligible to receive the amount received in 2020, they are not required to return any excess EIPs. There is no provision in the CARES Act, the Consolidated Appropriations Act, 2021 or the American Rescue Plan Act of 2021 to claw back an overpayment of an EIP.

The IRS will continue to issue EIP3 payments through the end of 2021. If a Taxpayer does not receive their EIP3 by December 31, 2021, they will have to claim the RRC by filing a 2021 tax return.

For security reasons, the IRS will send IRS Notice 1444, Your Economic Impact Payment, to the taxpayer’s last known address within 15 days after payment. The notice will provide the amount of the payment, the manner in which it was paid, and a telephone number to call if the taxpayer did not receive the payment. Taxpayers should keep this notice for their records and be prepared to reference it when filing their 2020 and 2021 tax returns. If a taxpayer is unsure whether they are receiving a legitimate letter, the IRS urges taxpayers to visit IRS.gov first to protect against scam artists.

Eligibility for Federal Benefits Recipients

Federal benefit recipients received their EIP automatically and it was delivered in the same manner they receive their monthly benefits. Recipients who did not receive EIP1 or EIP2, including any amounts for qualifying dependents, must file a 2020 tax return to claim the RRC.

Eligibility for Non-Filers (Low-Income Individuals and Families)

The EIP is not tied to any work or employment requirement. People with no income are eligible, including homeless individuals and families. People who do not usually file a tax return because their income is below the filing threshold are also eligible. These individuals must file a 2020 tax return and claim the RRC to obtain payments from EIP1 and EIP2.

7.6 FAQs – Banking & Financial Issues

Q. 7-6 Will I receive payments if I owe the IRS or another government agency debt?

Taxpayers who owe the IRS will receive the portion of their 2020 tax refund attributable to the RRC, along with EIP3. Taxpayers who owe another government agency debt (for example, student loans and overpayments for unemployment or food stamps) will receive EIP3. However, once the money is deposited into a bank account, creditors will be able to garnish those funds under federal law. Taxpayers who claim the RRC on their 2020 tax return and owe other government agencies will not receive the portion of their 2020 tax refund attributable to the RRC. For taxpayers owing child-support arrears, EIP1

was intercepted by the IRS and offset to the taxpayer's back-due child support. EIP2 and EIP3 are not subject to this requirement but will be offset if claiming the RRC.

Q. 7-7 *I have a Social Security Number (SSN) but my spouse does not. I did not receive EIP1 even though I am eligible, why?*

Initially, joint taxpayers where only one spouse has a SSN valid for employment were disqualified from receiving EIP1. The COVID-related Tax Relief Act of 2020 changed this to allow married couples who file jointly to claim the RRC and receive the portion attributable to the spouse who has a SSN valid for employment. For EIP2 and EIP3, there was no requirement that both spouses have a valid SSN for employment. Only the spouse with a valid SSN for employment will receive EIP3, EIP as well as any child with a valid SSN. However, a child with an SSN is not eligible for any EIP if neither parent has a valid SSN for employment.

There is one exception to the rule: if either spouse was an active member of the U.S. military during the 2020 taxable year (EIP1 and EIP2) or the 2021 taxable year (EIP3) and only one spouse has a valid SSN, then both spouses, plus any dependents, will receive the EIPs.

Q. 7-8 *When will my payment arrive?*

Eligible recipients can track their EIP3 using the IRS tool "Get My Payment" to determine the date and method of payment. Eligible recipients must verify their identity by providing their SSN, date of birth, street address and zip code listed on the last tax return filed. The IRS suggests eligible recipients verify how their address is formatted with the United States Postal Service ("USPS"). Taxpayers can use the USPS Zip Code Lookup tool to verify the format as it appears with the USPS and use that format when logging onto the Get My Payment portal. The system is updated once daily and will lockout the account for 24 hours after three failed login attempts.

After verifying identity, taxpayers will see a status message providing information on the scheduled payment; the method of payment (direct deposit, paper check or prepaid debit card); or it will let them know the status is not available and if the IRS needs additional information.

Q. 7-9 *My address or bank account has changed since I filed my last tax return.*

If the 2020 refund, including an RRC, or EIP3 cannot be delivered to you because your information is not current in the IRS system, the payment will be returned to the IRS. To get your payment reissued, you must request a payment trace of the RRC or EIP3 by calling (800) 919-9835 or submitting IRS Form 3911 *Taxpayer Statement Regarding Refund*. Additional information and instructions on submitting Form 3911 can be found by visiting the IRS website and reviewing the FAQs for EIP3, Topic J: Payment Issued but Lost, Stolen, Destroyed or Not Received: <https://www.irs.gov/newsroom/questions-and-answers-about-the-third-economic-impact-payment-topic-j-payment-issued-but-lost-stolen-destroyed-or-not-received>.

Q. 7-10 *I'm the victim of tax preparer fraud or the victim of tax-related identity theft and the direct deposit information listed on Get My Payment doesn't belong to me.*

If an eligible recipient's tax refund or EIP3 has been deposited or mailed to someone other than the taxpayer, the person may be the victim of tax return preparer fraud or tax-related identity theft. The taxpayer should contact the Identity Protection Specialized Unit at (800) 908-4490. The individual can

report the theft to the IRS and the Federal Trade Commission (“FTC”) by visiting the FTC website, which will direct them to visit IdentityTheft.gov. Here, the taxpayer can complete both the FTC Identity Theft Report and IRS Form 14039 *Identity Theft Affidavit* online. After submitting these forms, the taxpayer will be given the opportunity to prepare a recovery plan.

Q. 7-11 *Do college students claimed as dependents qualify?*

EIP1 and EIP2 payments for dependents were limited to eligible children under 17. Students claimed as a dependent on someone else’s tax return did not qualify to receive EIP1 and EIP2. Additionally, taxpayers who claimed a college student as a dependent did not receive additional EIP1 or EIP2 for their dependent. However, if the student cannot be claimed as a dependent by anyone on a 2020 tax return, then they may be eligible for the RRC by filing a 2020 tax return.

EIP3 payments were not EIP restricted to dependents under the age of 17, which provides individuals and families \$1,400 per dependent claimed on their 2020 tax return.

7.7 Caution: Be Aware of EIP Scams

There have been reports of scammers attempting to steal EIPs. People should only use the official, secure IRS website (which ends in .gov) when sharing personal information to request the EIP. Individuals should not provide their personal information to any other source claiming to be able to help obtain the EIP.

The IRS will never call, text, or email regarding the EIP. Callers claim to be IRS employees by using fake names and fake IRS identification badge numbers. They may even know some personal information about the people they are calling. They also have the ability to alter the caller ID to make it look like the IRS is calling. They might threaten people with arrest, deportation, or suspension of a business or driver’s license. Or, victims may be told they have a refund due and proceed to obtain personal and banking information from the taxpayer—this is how the callers try to trick victims into sharing private personal information. The IRS will never issue a refund or accept payment through any type of gift card. More information on the variety of scam methods and how to report scam attempts can be found on the IRS website.

7.8 Guides for Partner Organizations

The IRS released guides for partner organizations to assist in outreach and education efforts, including ready-to-use articles, e-posters, tax tips, news releases, videos and social media images. These resources can be found by visiting the IRS website and searching for “EIPs Partner and Promotional Materials” or at <https://www.irs.gov/newsroom/2020-recovery-rebate-credit-and-economic-impact-payments-partner-and-promotional-materials>. Following reports of issues related to limited language options for COVID-19 tax relief materials, the IRS began working with partners in the tax community to translate key information in over two dozen languages. At this time, most of the COVID-19 related information is available in eight languages on the IRS website.

Additionally, the IRS increased its social media presence to promote new information on Twitter, Facebook, Instagram and YouTube. On YouTube, the IRS offers video tax tips in English, Spanish, and American Sign Language.

The IRS has broadened its capacity by working with other federal agencies to share information, including the Treasury Department, the Bureau of Fiscal Service, the Social Security Administration, and the Department of Veterans Affairs. In addition, the following federal agencies have supplemental information of interest to taxpayers:

- Federal Deposit Insurance Corporation (FDIC): Individuals who want to open an online bank account can visit the FDIC's website and search "GetBanked" for information and resources for finding a bank and opening an online account or visit: <https://www.fdic.gov/getbanked/index.html>.
- Consumer Financial Protection Bureau ("CFPB"): CFPB has opened up a website, which includes several videos related to EIPs and other COVID-19 related information.

7.9 Common Tax Relief after Disasters

The IRS website has a dedicated disaster section where it posts updated information regarding current disasters and tax relief available to disaster survivors. The web page provides a comprehensive set of FAQs for disaster survivors. The IRS also maintains a "Disaster Relief Resource Center for Tax Professionals" on its website to provide resources for advocates assisting disaster survivors with tax issues. Advocates and disaster survivors should use the IRS webpage as a starting point for their research. In recent disasters, the American Bar Association has shared with pro bono tax advocates the disaster tax chapter of its treatise, "Effectively Representing Your Client Before the IRS."

Shortly after a disaster declaration, the IRS posts notices and news releases on its website describing filing and payment deadline extensions and other tax relief for affected taxpayers. All applicable IRS notices and news releases should be read carefully to determine which deadlines are extended, for how long, and for which taxpayers.

The IRS also staffs a Disaster Assistance Hotline (866) 562-5227 for general customer service inquiries relating to disaster relief. Calls are only answered on weekdays from 7:00 a.m. to 7:00 p.m., local time. Callers may need to provide their own interpreter. Most affected taxpayers will not have to take any action. IRS computer systems automatically identify taxpayers located in covered disaster areas and apply automatic filing and payment relief to those accounts. Taxpayers who reside or have a business outside the covered area, or who moved to the covered area after their last contact with the IRS must call the Disaster Assistance Hotline to request tax relief.

During the disaster relief period, the IRS suspends mailing of notices to taxpayers; collection activities (including liens, levies, and seizures); examination activities; and applies special penalty and interest computations. In past years, Congress has provided for special treatment of retirement plan distributions for taxpayers in disaster areas, i.e., waiving the 10% early distribution penalty. However, caution should be taken to ensure this applies to future disasters because this is an act of Congress, not the IRS.

For all federally declared disasters, installment agreement payments that come due during the disaster are automatically suspended and the taxpayer must resume payments the month after the disaster relief period ends. However, taxpayers enrolled in automatic direct debit installment agreements must take action to prevent automatic drafts during the disaster relief period. During the COVID-19 pandemic, the

IRS advised taxpayers to contact their banking institution to stop future payments during the defined disaster period.

Disaster survivors will need quick access to prior year tax returns to file amendments to claim disaster losses in a prior year as allowed under 26 U.S.C. § 165(i), to prove business income for business interruption insurance claims or for any number of other disaster-related exigencies. The IRS will waive the usual fees and expedite requests for copies of previously filed tax returns and tax return transcripts. Disaster survivors should write the assigned disaster designation (e.g., "Texas, Hurricane Harvey") in red ink at the top of Form 4506 (Request for Copy of Tax Return) or Form 4506-T (Request for Transcript of Tax Return), as appropriate, to avoid fees and expedite processing. Taxpayers or their authorized representative may call IRS Disaster Assistance Hotline to request a Tax Return Transcript. Account transcripts and wage and income transcripts can be requested free of charge by calling (800) 908-9946 or online. Account transcripts will show whether a tax return has been filed and wage and income transcripts will provide income information reported to the IRS by third parties, which will assist in preparing missing tax returns. The tax return transcript will show the information that the taxpayer included on their original return, which will assist in filing an amended tax return (Form 1040X). Taxpayers may be able to access their IRS transcripts through the IRS website by choosing the "Get Your Tax Record" button located on the homepage and setting up an account.

Taxpayers claiming disaster losses on amended tax returns to access cash refunds should write the disaster designation in red across the top of Form 1040X to ensure the IRS applies expedited processing procedures. The average expedited processing time is sixty days; however, during the COVID-19 pandemic, the IRS stopped opening mail for several months, which resulted in a backlog of correspondence. Taxpayers experiencing economic hardship should apply for a manual refund through the Taxpayer Advocate Service, an independent branch of the IRS. A manual refund can generally be processed within one to two weeks. Apply by faxing a completed IRS Form 911 to your local Taxpayer Advocate Office. In such a case, do not file the amended tax return by mail. Instead, attach it to the Form 911 so it can be manually input by the taxpayer advocate assigned to assist with the manual refund request. Visit www.irs.gov/taxpayer-advocate for more information.

Qualified disaster relief payments under 26 U.S.C. § 139 are not taxable income to disaster survivors if the reimbursed expense is not also reimbursed by insurance or otherwise and has not been deducted on a prior year tax return. Qualified disaster relief payments include payments to reimburse reasonable and necessary personal, family, living, or funeral expenses incurred as a result of the disaster, reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence (even if rented), and expenses incurred to repair or replace contents of a personal residence. Disaster relief payments may also qualify under the "general welfare exclusion" in § 139(b)(4).

Many disaster survivors have lost some or all of their records in the disaster. In such situations, taxpayers will need to reconstruct business records or collect other documents adequate to prove eligibility for tax deductions and credits, apply for federal disaster assistance and substantiate insurance reimbursement claims. IRS Publication 2194 Disaster Losses Kit for Individuals provides more information on how to reconstruct records after a disaster.