

# **Economic Impact Payment For Puerto Rico Residents under the Coronavirus Aid, Relief and Economic Security (CARES) Act**

## **Frequently Asked Questions and Answers**

The Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act and approved on March 27, 2020, is intended to provide an Economic Impact Payment (payment) to certain eligible individuals during taxable year 2020. Based on the guidelines outlined by the Federal Internal Revenue Service (IRS), the Puerto Rico Treasury Department (Department) issues these guidelines to address the most common questions arising from such legislation.

Pursuant to the CARES Act, on May 1, 2020 the Federal Treasury Secretary approved the Economic Impact Payment Distribution Plan which establishes the distribution of payments in three phases for Puerto Rico residents. The information provided in this document will be updated periodically in order to review answers and to add additional questions.

## **Eligibility**

### **1. Who is eligible to receive a Payment?**

As established in the CARES Act, the guidelines issued by the IRS and the Distribution Plan, you may be eligible to receive a Payment if you and your spouse, if married, meet all of the following requirements:

- You are resident of Puerto Rico for taxable year 2020.
- You have not been claimed as a dependent on another taxpayer's income tax return.
- You have a valid Social Security Number
  - Exception: If either spouse is a member of the U.S. Armed Forces at any time during the taxable year, then only one spouse needs to have a valid SSN
- Have adjusted gross income below an amount based on your filing status and the number of your qualifying children. (Please see [question 12](#) for details)
- You have not died on the date of receipt of the payment.
- You are not incarcerated.

For these purposes, a person is incarcerated if he or she is described in one or more of clauses (i) (v) (v) of Section 202(x)(1)(A) of the Social Security Act.

If you were not a resident of Puerto Rico throughout taxable year 2020, you will **not** be eligible to apply for the Payment. You will need to contact the IRS to confirm if you are eligible to receive the payment directly from them. For more information please visit the IRS webpage: <https://www.irs.gov/es/coronavirus/economic-impact-payments>

**2. Am I eligible for a Payment if I am not required to file an income tax return with the Department?**

Yes. Individuals who do not have filing requirements and those who receive Social Security, unemployment, retirement and disability benefits, and veterans' benefits, among other benefits, may be eligible for the Payment if they meet the requirements listed in [question 1](#). People who do not generate any type of income, as well as those who receive assistance or benefits from a state or federal program, may also be eligible. There is no minimum income required to be eligible to receive Payments.

## Requesting My Economic Impact Payment

**3. I recently filed an income tax return for taxable year 2019 or 2018, what do I need to do to get a Payment?**

If you have filed an income tax return for taxable year 2019, you are part of the group included in Phase 1 of the Distribution Plan. The Department will use the information from your 2019 return to calculate the payment amount and, if you claimed a refund on the form and included your bank account information, this information will be used to deposit the Payment. However, if the bank account information was not included in the 2019 return, you will be able to access [www.pagodeimpactoeconomico.com](http://www.pagodeimpactoeconomico.com), after May 8, to include your bank account information in order to receive the Payment.

If you have not filed your tax return for 2019, the Department will use the information from your 2018 tax return to calculate the payment amount and, in these case, will ask for your bank account information in order to issue the Payment. Instructions for submitting the bank information will be provided soon by the Department, as part of Phase 2 of the Distribution Plan.

**4. I am not required to file an income tax return. What do I need to do to get a Payment?**

In this case, you are part of the group included in Phase 3 of the Distribution Plan. You must provide some basic information to the Department in order to get the Payment. We will soon notify you when you may submit the information needed so you can receive your Payment.

**5. I receive benefits from the Nutrition Assistance Program (PAN) and I am not required to file an income tax return. What do I need to do to get a Payment?**

In this case, you are part of the group included in Phase 3 of the Distribution Plan. You must provide some basic information to the Department in order to get the Payment. We will soon notify you when you may submit the information needed so you can receive your Payment.

**6. I receive disability, veterans or Social Security benefits and I am not required to file an income tax return. What do I need to do to get a Payment?**

In this case, you are part of the group included in Phase 3 of the Distribution Plan. You must provide some basic information to the Department in order to get the Payment. We will soon notify you when you may submit the information needed so you can receive your Payment.

**7. How do I know if I am required to file a tax return for taxable year 2018 or 2019?**

You can find the tax booklet for 2018 and 2019 income tax returns on the Department's website. These instructions include detailed information related to the requirements for filing a return. If, after reviewing these requirements, you are not required to file a form, you will be required to access the link that the Department will soon enable on [www.pagodeimpactoeconomico.com](http://www.pagodeimpactoeconomico.com) for individuals that are part of Phase 3 of the Distribution Plan who do not have filing requirements, to provide some basic information needed in order to get the Payment.

**8. How long is the payment available?**

Payments will be made throughout the rest of 2020. The Economic Impact Payment benefit will not be issued after December 31, 2020.

**9. Will the Department contact me about my Payment?**

Any communication related to the disbursement of the Payment will be sent to the email address included in your tax return, to the email address provided when requesting the Payment through the link for individuals who are not required to file a return, or through a message in your SURI account.

*The Department will not call or text you about your Payment. In addition, the Department will not contact you to request personal or bank account information by any means other than via email or your SURI account. All information requested by the Department should be submitted through [www.pagodeimpactoeconomico.com](http://www.pagodeimpactoeconomico.com), a portal enabled for these purposes. Watch out for websites and social media attempts that request money or personal information and for schemes tied to the Economic Impact Payments. You should look for the Department's official publications.*

For general information on aspects related to this benefit, please refer to the publications issued by the Department through its website: [www.hacienda.pr.gov](http://www.hacienda.pr.gov).

## **Calculating My Economic Impact Payment**

**10. What is the amount of the Payment I will receive?**

As established in the CARES Act, the guidelines issued by the IRS and the Distribution Plan, eligible individuals will receive \$1,200 or \$2,400 for two individuals filing a joint return. An additional \$500 Payment will be received for each dependent (Qualifying Child) who meets the following conditions:

- The child is your son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, half-brother, half-sister, or a descendant of any of them (for example, your grandchild, niece, or nephew).
- is claimed as a dependent on your tax return.
- was under the age 17 at the end of the taxable year.
- Has a valid Social Security number or an Adoption Taxpayer Identification Number.

However, if your adjusted gross income exceeds some determined amount based on your filing status and the number of your qualifying child amount, your Payment could be reduced to \$0. (See [question 12](#) for detail).

**11. If I have claimed children in joint custody, will I receive the \$500 additional Payment per Qualifying Child?**

No, in this case each eligible individual will receive \$250 for each Qualifying Child.

**12. Will my Payment be reduced if my income is too little or too much?**

Eligible individuals do not need a minimum income for the payment.

However, for higher income individuals, the Payment amount is reduced by 5% of the amount that your adjusted gross income exceeds:

- \$75,000 for an individual taxpayer;
- \$112,500 for an individual taxpayer who claims at least one dependent in the return, and
- \$150,000 for taxpayers filing a joint return.

For example, the \$1,200 Payment for an eligible individual (\$2,400 for eligible individuals filing a joint return) will be reduced to \$0 once adjusted gross income reaches the following thresholds:

- \$198,000 for taxpayers filing a joint return
- \$136,500 for an individual taxpayer who claims at least one dependent.
- \$99,000 for all other (individual taxpayer or a married individual filing separately).

**13. How is adjusted gross income defined for purposes of the limitations mentioned above?**

For these purposes, Adjusted Gross Income is defined as gross income less income adjustments. Gross income includes wages, dividends, interest, capital gains, pensions, exempt income, compensation for services, business income, etc. In order to determine the Adjusted Gross Income, exempt income, investment expenses, ordinary and necessary expenses incurred to generate the industry, business or profession income and alimony payment are subtracted from the total gross income.

For example, if you receive rent income, in order to determine adjusted gross income, expenses incurred on that property for which you are generating an income are subtracted. If you receive pension income from a retirement plan and that pension is eligible for the \$11,000 or \$15,000 waiver, the exemption from the total pension received is subtracted from the determination of the adjusted gross income.

**14. If I choose to elect the optional tax for my self-employment income, how the Payment will be determined?**

The Payment is determined based on Adjusted Gross Income which, in the case of self-employment income, means income received less ordinary and necessary expenses incurred to carry out the business. Therefore, even if the optional tax is chosen, Schedule M should include the ordinary and necessary expenses so that they can be deducted from total income when determining Adjusted Gross Income for the calculation of the Payment.

**15. If I filed a joint return with my spouse, will we receive a Payment if I have a valid Social Security number and my spouse does not have a valid number?**

No, when spouses file jointly, both spouses must have valid Social Security number to receive the Payment. There is with one exception, if either spouse is a member of the U.S. Armed Forces at any time during the taxable year, only one spouse needs to have a valid number to be eligible for the Payment.

However, if spouses file separately, the spouse who has an SSN may qualify for a Payment; the other spouse without a valid SSN will not qualify.

**16. What is meant by a valid Social Security number?**

For purposes of the Payment, a valid Social Security Number is one that is valid for employment and is issued by the Social Security Administration (SSA). If the phrase “*Not Valid for Employment*” is printed on the individual’s Social Security card, the individual will not be eligible to get the Payment.

Only those individuals with a social security card without restrictions or with the restriction “*Valid for Work Only With DHS Authorization*” printed on the card, will be considered as eligible individuals with a valid social security number.

If the individual was a U.S. citizen when they received the Social Security number, then it is valid for employment. If the phrase “*Not Valid for Employment*” is printed on the individual’s Social Security card and the individual’s immigration status has changed so that they are now a U.S. citizen or permanent resident, ask the SSA for a [new Social Security card](#). However, if the phrase “*Valid for Work Only with DHS Authorization*” is printed on the individual's Social Security card, the individual has the required Social Security number only as long as the Department of Homeland Security authorization is valid.

**17. Is a child born, adopted or placed into Foster care in 2020 a qualifying child for the Payment?**

The Payment in 2020 will not include an additional amount for these children because the

Payment in 2020 is based only on information from your 2019 or 2018 tax return. However, you may claim the child next year for an additional \$500 credit on your 2020 tax return.

**18. I received an additional \$500 Payment in 2020 for my Qualifying Child. However, he just turned 17. Will I have to pay back the \$500 next year when I file my 2020 tax return?**

No, there is no provision in the law requiring repayment of a Payment. When you file next year, you can claim additional credits on your 2020 tax return if you are eligible for them, for example if your child is born in 2020. But, you won't be required to repay any Payment when filing your 2020 tax return even if your qualifying child turns 17 in 2020 or your adjusted gross income increases in 2020 above the thresholds listed above.

**19. I claimed my child as a dependent on my 2019 tax return, he is graduating from school in 2020. Will he receive his own Payment?**

As established in the CARES Act, the guidelines issued by the IRS and the Distribution Plan, your child will not receive a Payment in 2020 because you claimed him as a dependent on your 2019 return. He will not receive a credit on 2021 if you claimed him as a dependent on the 2020 tax return.

However, if your child can not be claimed as a dependent by you or anyone else for 2020, he may be eligible to claim a \$1,200 credit on the 2020 tax return he files next year.

**20. I claimed my mom as a dependent on my 2019 tax return. Will I receive an additional Payment for her or will she receive her own Payment?**

As established in the CARES Act, the guidelines issued by the IRS and the Distribution Plan, you will not receive an additional Payment amount for your mom because she is not your qualifying child (please see [question 10](#) for additional information related to a Qualifying Child). Your mom will not receive her own Payment because you claimed her as a dependent on your 2019 tax return. In addition, your mom will not receive a credit in 2021 if you can claim her as a dependent on your 2019 tax return.

However, if your mom can not be claimed as a dependent by you or anyone else for 2020, she may be eligible to claim a \$1,200 credit on the 2020 tax return she files next year.

## Receiving My Payment

**21. Will the Payment be considered taxable income for taxable year 2020?**

No, the Payment will not be considered income and will not be subject to tax. The Payment also will not affect your income for purposes of determining eligibility for government assistance or benefit programs.

**22. If I owe tax, or have a payment agreement with the Department, or owe other state debts, will my Payment be reduced as an offset?**

The Payment will not be reduced by any tax or payment agreement with the Department or any other government agency. However, the Payment will be offset only by past-due debts with the Administration for Child Support (ASUME for its Spanish acronym).

**23. My husband and I filed a joint return and he has an outstanding debt with ASUME, will the Payment be reduced as an offset?**

Yes. As required by federal law, the payment will be reduced as an offset including the amount received for the spouse and dependents.

**24. I received a reduced Payment due to an outstanding debt with ASUME that no longer exist, how can I claim the amount withheld?**

A claim for any withheld amount send to ASUME should be made directly to ASUME in accordance with the provisions of the ASUME Act.

**25. How will the Department send the Payment?**

If you included a bank account on the 2019 tax return in order to receive a refund, the payment will be sent by direct deposit to the bank account provided. If no refund was claimed or the bank account was not included on the return, you will be able to access [www.pagodeimpactoeconomico.com](http://www.pagodeimpactoeconomico.com), after May 8, to include your bank account information in order to receive the Payment.

**26. What if I do not provide my account information?**

If you did not include your bank account information in your 2019 tax return and do not provide your bank account information through [www.pagodeimpactoeconomico.com](http://www.pagodeimpactoeconomico.com), the Payment will be mailed to you after completing the direct deposit process for all payments.

**27. What if the bank account number included on the 2019 tax return is closed or no longer active? Can I request a change of the bank account information?**

If the bank rejects a deposit, the Department will send a notification to request you to update your bank account information. If you do not provide the information, the Payment will be mailed to you after completing the direct deposit process for all payments.

**28. If I already filed my 2019 tax return and included a bank account to pay the balance due shown on the form, will the Department send my Payment to this account?**

The Department will not send the Payment to accounts used to make a payment due with the return. You should submit your bank account information through the link that will be available on SURI.

If you do not provide your bank account information, the Payment will be mailed to you after completing the direct deposit process for all payments.

**29. I already filed my 2019 tax return, but I did not provide bank information. Can I provide my banking information?**

Yes, after May 8 2020 you will need to access [www.pagodeimpactoeconomico.com](http://www.pagodeimpactoeconomico.com) to submit your bank account information and be able to receive the Payment.

**30. If I have already submitted my bank account information through SURI to receive the \$500 incentive applicable to self-employed, do I have to submit the information again to receive the Payment?**

Yes, the Department does not keep bank account information in its file once the \$500 Incentive payment applicable to self-employed individuals is completed. For example, if you filed your 2019 tax return and did not include your bank account information, you will be able to access [www.pagodeimpactoeconomico.com](http://www.pagodeimpactoeconomico.com), after May 8, to include your bank account information in order to receive the Payment.

**31. What information should I provide if I want my Payment sent through direct deposit?**

The routing number, account number, and account type are required. You can find this information on one of your checks, through your online banking applications, or by contacting your financial institution directly.

**32. What if I do not have a bank account?**

In this case, the Payment will be mailed to you after completing the direct deposit process for all payments.

**33. Where did the Department get the bank information for me, and what if I need to change it?**

The bank account information is obtained from the 2019 income tax return, if you provided the information on the return to request a refund, or from the information provided through [www.pagodeimpactoeconomico.com](http://www.pagodeimpactoeconomico.com). Once the Payment has been processed, your bank account information cannot be updated and you must contact your financial institution if the Department has already made the deposit to the account and the account has not been rejected by the institution.

**34. I requested a direct deposit of my Payment. Why are you mailing it to me as a check?**

It is possible we do not have the correct bank account information for you, or your financial institution rejected the direct deposit. In either case, your payment will be mailed to the address we have on file for you after completing the direct deposit process for all payments.

## More About the Economic Impact Payment

### **35. Is the online application tool that is on the IRS website available for Puerto Rico residents?**

The online application tool available on the IRS digital platform should not be used by Puerto Rico residents. As established by the IRS, although some Puerto Rico residents who are employees of the federal government or receive income from U.S. sources may receive the Payment directly from the IRS, Puerto Rico residents must receive it in compliance with the procedure established by the Department and approved by the Treasury through its Distribution Plan.

### **36. What should I do if I received the Payment from the IRS and the Department?**

If you receive the Payment from the IRS and also receive the Payment from the Department, you have received a duplicate payment. In this case, you will need to return the payment you received from the IRS. Please visit the IRS webpage for instructions on how to return duplicate payment; you can access the [More About the Economic Impact Payment](#) section of the IRS Economic Impact Payment Information Center portal.