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Stimulus Payment for Individual Tax Payers – Update – Subject to Change

The President signed into legislation the emergency stimulus payment legislation. I will briefly describe the major parts of this new legislation as it effects the stimulus payment which most taxpayers will be eligible to receive. Since this is new legislation passed under emergency conditions, there could be some issues not fully formulated but the overall parameters of the legislation are now known. Since this is brand new legislation this update is subject to change and is for discussion purposes only.

The stimulus payment is to be paid and calculated as follows:

- 1) U.S. citizens living abroad are eligible for the stimulus payment.
- 2) The payment is automatic. It will be based on either your 2018 Adjusted Gross Income figure or the Adjusted Gross Income Figure of 2019 depending upon the most recent tax return you have filed which the IRS has processed before the stimulus checks/bank transfers are made.
- 3) Money will be automatically sent to the bank account listed on your 2018 or 2019 tax return if you received a refund. If no bank account was listed on the return, a check will be mailed to your last address on record with the IRS or the Social Security Administration. If you have a new mailing address be sure to notify the post office of your new address so the check will be forwarded to you. If you file your 2019 return immediately, it is likely that the address on the 2019 return will be used.
- 4) The amounts eligible taxpayers will receive are \$1,200 for a single taxpayer and head of household and \$2,400 for a married couple filing jointly. For each dependent child under 17 years of age with a valid social security number, a \$500 additional payment will be received.
- 5) Children over 16 years of age who are still dependents of their parents will not receive the additional \$500 per child payment.
- 6) Higher education students who are still dependents of their parents also will not receive the payment. If a student is no longer a dependent then they would need to file a tax return in order to be eligible for the stimulus payment.
- 7) There are phaseout levels for taxpayers considered to be high-income. The phaseout is 5% over the phaseout amounts, meaning for every \$1,000 over the phaseout level, \$50 will be reduced. The amounts at which the phaseout begins are as follows:
 - a) Single individual Adjusted Gross Income above \$75,000

- b) Married couple filing Jointly Adjusted Gross Income above \$150,000
- c) Head of Household Adjusted Gross Income above \$112,500
- 8) There are calculators on the internet if you want to see what your expected amount of rebate will be. This office cannot guarantee the accuracy of any such calculators used.
- 9) Note: All that I have read regarding the Adjusted Gross Income figures refer to regular Adjusted Gross Income. It is possible that there may be a clarification/amendment related to there being some modifications to the regular AGI figure used to account for income excluded from the regular AGI figure. For example, a taxpayer earning \$130,000 who excluded in 2018 \$103,900 using the foreign earned income exclusion would have regular AGI of \$26,100 allowing them to receive the full stimulus payment. This would appear to be an oversight in the legislation which could be corrected later.

There are many articles on the internet now being published regarding the new law. Note that there were last minute changes made right before the legislation was enacted, so any article published before March 27th likely has some factual errors. It is recommended, therefore, that any further information you wish to review on the internet be dated March 27th or later. Obviously, the articles published most recently should have information reflecting the last changes made right before the legislation was signed into law.

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