

MEMORANDUM

DATE: January 31, 2022
TO: All
FROM: Wendy J. Manson, CPA, and William J. Palazzolo, Esq
RE: Third Stimulus Payment Letter from the IRS

Be on the lookout for IRS Letter 6475 about the third Economic Impact Payment

The IRS began issuing Letter 6475, Your Third Economic Impact Payment, in late January 2022 to individuals who received a third-round economic impact payment in 2021. While most eligible taxpayers already received their stimulus payments, this letter will help individuals determine if they are eligible to claim the Recovery Rebate Credit for missing stimulus payments. If you did not receive your third economic impact payment, you must file a 2021 tax return to claim the remaining stimulus amount. If you do not receive Letter 6475, taxpayers can either use their already existing or setup an IRS online account to view the amount of the Economic Impact Payments received.

IRS Letter 6475 includes important information that can help taxpayers file an accurate 2021 tax return. If the tax return includes errors or is incomplete, it will require further review while the IRS corrects the error, which will slow the receipt of your tax refund. Using this information when preparing a tax return electronically can reduce errors and avoid delays in processing.

The fastest way for eligible individuals to get their 2021 tax refund that will include their allowable Recovery Rebate Credit is by filing electronically and choosing direct deposit.

The IRS began issuing the third-round economic impact payments in March 2021 and continued issuing payments through the end of 2021. Third-round economic impact payments were advance payments of the 2021 Recovery Rebate Credit. The amount of the third-round economic impact payment was based on the income and the number of dependents listed on a taxpayer's 2020 income tax return (or the 2019 tax return if the 2020 tax return had not been filed when the IRS issued the payment). The amount of the 2021 Recovery Rebate Credit is based on the income and number of dependents listed on a taxpayer's 2021 income tax return.

Taxpayers in the following circumstances, among others, may not have received the full amount of their 2021 Recovery Rebate Credit:

- Parents of a child born in 2021 who claim the child as a dependent on their 2021 income tax return may be eligible to receive a 2021 Recovery Rebate Credit of up to \$1,400. All eligible parents of qualifying children born in 2021 are also encouraged to claim the child tax credit on their 2021 income tax return.

- Families who added any dependents on their 2021 income tax return who were not listed as dependents on their 2020 income tax return may be eligible to receive a 2021 Recovery Rebate Credit of up to \$1,400 per dependent.
- A single filer who had income above \$80,000 in 2020 but less than this amount in 2021; a married couple who filed a joint return and had income above \$160,000 in 2020 but less than this amount in 2021; and a head of household filer who had income above \$120,000 in 2020 but less than this amount in 2021 may be eligible for a 2021 Recovery Rebate Credit of up to \$1,400 per person; and
- A single filer who had income between \$75,000 and \$80,000 in 2020 but had lower income in 2021; a married couple who filed a joint return and had income between \$150,000 and \$160,000 in 2020 but had lower income in 2021; and a head of household filer who had income between \$112,500 and \$120,000 in 2020 but had lower income in 2021 may be eligible for a partial 2021 Recovery Rebate Credit.

Taxpayers must claim the 2021 Recovery Rebate Credit on their 2021 tax return to receive this money as the IRS will not automatically calculate the correct amount of the 2021 Recovery Rebate Credit. If you received a third economic impact payment that exceeds what you are entitled to for your 2021 Recovery Rebate Credit, you do not have to pay the difference back to the IRS. The Third Economic Impact Payment is also not considered income.