

**To:** Interested parties  
**From:** New America, Economic Security Project, Center for Taxpayer Rights, Center for American Progress  
**Date:** July 7, 2020  
**Re:** Economic Impact Payments: 9 technical fixes to ensure 10 to 20 million economically vulnerable Americans access stimulus payments and the Earned Income Tax Credit

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Since Congress passed the CARES Act in March, the IRS has made tremendous efforts to issue Economic Impact Payments (EIPs, a.k.a. stimulus checks) to the vast majority of Americans. These checks were critical, and additional payments are necessary to escape this recession. But millions have not yet gotten their checks — or, in claiming stimulus money, have been inadvertently locked out of claiming valuable tax credits like the EITC. The eight technical fixes below work to streamline bureaucratic processes, improve customer service, and enhance automatic filing capability. Taken together, they would ensure that ten to 20 million economically vulnerable Americans can access their CARES Act stimulus and the EITC — as well as any future payments Congress appropriates.<sup>1</sup>

### **1. Ensuring stimulus payments reach all eligible households, especially low-income Americans, of whom 5-10 million remain unpaid**

The best available data suggests that, while most EIPs have been paid, 5-10 million vulnerable Americans have not yet received their full payment. [An early June survey of community organizations and low-income taxpayer clinics by New America and the Center for Taxpayer Rights](#) found widespread evidence of EIPs unpaid or underpaid. [A survey of SNAP beneficiaries around the same time](#) by Propel found that nearly a third had not yet received their payment. In the absence of clear data on payment coverage, the IRS can take proactive steps to facilitate payments to the economically vulnerable, and report to Congress on its progress.

Specifically, the IRS could:<sup>2</sup>

- 1.1. **After July 15, automatically pay EIPs to likely eligible<sup>3</sup> non-filers who have not yet registered for the payment, using W-2 and 1099 data that the IRS already has on file.** Such automation is the natural extension of automating payments to SSA and VA beneficiaries, which the IRS agreed to do after [Senators Brown, Booker, Bennet, and Hassan led Senate Democrats](#) in requesting the change.
- 1.2. **As advocated by [Senators Wyden and Cardin](#), allow SSA/VA beneficiaries to claim dependents and receive additional EIP throughout 2020.** Currently, beneficiaries who missed brief windows to claim dependents must wait until 2021 to receive \$500 payments.<sup>4</sup>
- 1.3. **Automate payments to any new SSA/VA beneficiaries who joined the rolls since April.**<sup>5</sup>
- 1.4. **Expedite or waive pending reviews or examinations on tax returns for households who have yet to receive EIPs — especially returns filed via the non-filer portal, which should not require examination.** These reviews may be delaying millions of payments.

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<sup>1</sup> The relative impact of these recommendations depends on how many households are trapped in each of several scenarios, information which has not been publicly released. Any final prioritization depends on this data.

<sup>2</sup> Throughout this memo, we assume that the IRS could seek any required authority it does not already have.

<sup>3</sup> Under 10% of taxpayers overall are over-income for the EIP, and these taxpayers are likely to be heavily under-represented among the population who has not yet filed taxes by July 15; the IRS could further weed out these taxpayers by removing individuals with significant investment income. The IRS could also remove workers under 24 who share an address with a filing adult over 36, who are likely dependents. With these filters, the mistaken payment rate would be negligible.

<sup>4</sup> No new process is required; the IRS simply has to continue accepting non-filer portal submissions.

<sup>5</sup> [5.6 million people began receiving Social Security alone in 2018](#), suggesting 1-2 million new beneficiaries per quarter.

- 1.5. **Promote and expand the EIP call center.** In May, [the IRS launched an EIP line](#), a welcome development given widespread reports of incorrect or inexplicably-delayed payments, for which families had no recourse. The IRS should expand the program, empowering it to handle families' issues, and inviting rather than [discouraging](#) calls.<sup>6</sup> Additional appropriations may be necessary to ensure the center can fully operate remotely.<sup>7</sup>
- 1.6. **Release detailed data on payments and portal users to date**, to help identify who has not yet been paid — including number of payments attempted but not completed, number of returns in examination queues, and statistics by zip code. This data, [expanding on that already requested by Representative Neal](#), will help target outreach activities, and determine which aspects of the program are working and which areas most require improvement.

## 2. Fixing the “filing trap” that has prevented 6 million portal users from filing 2019 taxes

The IRS created a “non-filer portal,” allowing households who did not file 2018 taxes to register for the EIP. However, unbeknownst to its users, the portal filed tax returns behind the scenes, preventing users from later e-filing a 2019 return, an issue the IRS [finally acknowledged on June 25](#). In normal years, such households could file a superseding paper return — but [the IRS has limited capacity to process paper](#), and [until at least June 17 was not processing paper returns at all](#). Regardless, on June 25, [the IRS quietly announced](#) portal users seeking to file *would* have to file superseding paper returns by July 15 or face late fees; and that an electronic modified return would not be available until late August. Most of these 6 million households will not learn of the new instructions in time to file on paper before July 15, and so most will miss out on the EITC and CTC that they are entitled to.

The IRS could:

- 2.1. **Create a viable and straightforward method for users of the non-filer portal to file 2019 taxes.** This means: extending the deadline for portal users' paper returns; expediting the launch of the e-1040-X; guaranteeing that Forms 1040-X will be processed in 2020; and communicating proactively and clearly about each of these steps.
- 2.2. Much like [Senators Brown and Cortez Masto requested as recently as this January](#), **automatically pay childless EITC benefits** to all income-eligible portal users based on IRS's existing data on these individuals — approximately five million households.<sup>8</sup> The IRS has sufficient data from information returns to calculate the correct payment in nearly all cases, and has administrative discretion to waive requirements it cannot easily confirm.<sup>9</sup>
- 2.3. **Streamline the process of claiming with-child EITC benefits by issuing portal users CP-09 notices in tandem with the automated childless benefits.** The CP-09 is the IRS's existing outreach program to select likely-eligible filers who do not claim with-child EITC; this year, the program should be vastly expanded, and sent in conjunction with automated childless EITC.<sup>10</sup> Families would return the CP-09 to easily report eligible dependents, and receive a supplementary EITC payment.

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<sup>6</sup> The [EIP page on the IRS website](#) exhorts taxpayers: “DO NOT call the IRS.”

<sup>7</sup> During the pandemic, the best way to ensure sufficient capacity is to enable the center to operate remotely. The center's full cost may be \$15M, based on [\\$1.8M the IRS spends on the CP-09/27](#), a similar program 10% the size of the EIP gap.

<sup>8</sup> The IRS generally invites some of these households to claim childless EITC via the CP-27 notice; but this unnecessarily puts the onus on vulnerable families to fix the IRS's own mistake. Plus, it would add to the IRS's backlog of paper.

<sup>9</sup> The IRS can confirm individuals' investment income; and individuals' dependency and immigration status is already confirmed by virtue of the EIP. The IRS does *not* have sufficient data to confirm six months of U.S. residency, an EITC requirement. But the IRS can use its administrative discretion to waive this requirement for TY2019, or simply use the taxpayer's address as a proxy for residency. Once the requirement is waived, the IRS can pay the childless EITC as a math adjustment. If the IRS claims math adjustment authority is insufficient to pay EITC, Congress can easily amend the authority.

<sup>10</sup> Although more households are eligible for with-child EITC than childless EITC, all portal users should be eligible for both.