



# Ensure every eligible recipient gets a check by paying them automatically

*Implementation recommendations from taxpayer advocates and national experts*

At least [8 million](#) eligible recipients – mostly very low-income and hard-to-reach populations, heavily represented in communities of color – have still not received their Economic Impact Payments (EIPs), although IRS has identified them and sent them letters.

The best way to get payments out to eligible individuals is to use the federal government’s wage and income data and leverage the IRS Non-Filer portal to **send stimulus and tax credit payments automatically**.<sup>1</sup>

1. **Use wage data to send out missing EIPS:** Automatically pay future rounds of EIPs to all eligible households, as well as outstanding past EIPs. IRS should use its data about eligible households to send payments instead of letters or notices.
2. **Keep the Non-Filer Portal open all year and improve it:** Make it accessible on mobile devices and in other languages, add simple questions about residency and children, and keep it open all year.
3. **Leverage wage data and the Non-Filer Portal to automatically pay childless EITC and streamline monthly CTC payments:** IRS already has the data it needs to make automatic payments; adding a couple key questions to the Non-Filer Portal would make fully automatic payments possible.

We estimate automatic payments could help distribute as much as **\$40-50 billion in additional aid**.

## Key conclusions from IRS experts:

- IRS data covers as many as 99.5 percent of American adults
- IRS can accurately make automatic payments
- IRS has sufficient internal processes in place to check data and prevent fraud

## RECOMMENDATION 1: MAKE PAYMENT OF EXISTING AND FUTURE DIRECT CASH PAYMENTS AUTOMATIC TO ALL ELIGIBLE HOUSEHOLDS

- **Automatically pay future rounds of payments, as well as outstanding Economic Impact Payments (EIPs) to eligible households who have not received them.** The IRS should use vast income and wage data available to it through forms W2 and 1099 to automatically and immediately pay any outstanding direct payments (both CARES and \$600 payments authorized in Dec. 2020). And it should make any future payments automatic.

As former [National Taxpayer Advocate Nina Olson](#) notes, “[T]he IRS has data on most households, even those who do not file taxes. That’s because even nonfiler households generally receive income tracked on ‘information returns’ – primarily, IRS Forms W-2 and 1099. **By one estimate, this information return system covers 99.5 percent of American adults.**”

<sup>1</sup> These recommendations were developed based on [joint recommendations](#) to Congress from July 2020 by Center for American Progress, Center for Taxpayer Rights, New America, and Economic Security Project.

**The IRS has already used this data to send notices to 9 million households** informing them that they were likely eligible for EIPs. In September 2020, the IRS conducted an internal analysis, based on “Forms W-2, 1099s and other third-party statements available to the IRS,” and produced the necessary information to send notices. The IRS should simply send payments instead – and they can do so with high confidence that households are eligible.<sup>2</sup>

- **Keep sending automatic payments to federal beneficiaries and their dependents.** In previous rounds of payments, the IRS opened the Non-Filer Portal to federal beneficiaries (such as Social Security and Veterans Benefits) to allow them to add information about their dependents, which triggered automatic disbursement via the benefit payment infrastructure. Now that the IRS has that information, it should send dependent payments automatically for future rounds, and allow dependent-claiming year-round through the Non-Filer Portal.
- **Make payment electronic, whenever possible.** The best way to make fast and automatic payments is by direct deposit into bank accounts, but there are several alternatives to ensure that every eligible recipient gets a payment, many of which the IRS has already employed. These include: prepaid no-fee debit cards or Debit Express cards, state EBT cards, transfers into mobile money transfer accounts (such as PayPal or Venmo), paper checks, or even providing no-fee bank accounts or centralized Fed Accounts for every American.
- **Strengthen outreach efforts to hard-to-reach populations, including people experiencing homelessness and those who are unbanked.** Congress should ensure that direct payments get to all eligible recipients, especially those who are struggling the most. IRS has detailed data on payments and Portal users to date to help identify who hasn’t been paid, including the number of payments that were attempted and completed, the number of returns in examination queues, and statistics by zip code. Congress should require the IRS to partner with states, cities, and community organizations to help get checks to unhoused people. In addition to automating payments through data-sharing agreements (as described above), payments should be made available electronically, whenever possible, including through mobile devices. Finally, Congress should provide eligible populations with the ability to open no-fee checking accounts without exclusive terms that lock out individuals facing financial insecurity. Checks should not be subject to any public or private garnishment.

## RECOMMENDATION 2: IMPROVE THE NON-FILER PORTAL AND KEEP IT OPEN

- **Keep the Non-Filer Portal open all year long.** The Non-Filer Portal was a critical component of IRS’s successful distribution of 160 million payments in April 2020, with [8 million](#) users accessing the Portal to get their payments. Not only does it serve as a centralized database for non-tax-filer payment and contact information (which IRS can leverage in future payments), but it brought more Americans into the tax system, because it was in reality a simple tax return. Congress should require the IRS to keep the Non-Filer Portal open all

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<sup>2</sup> Fewer than 10% of taxpayers overall were ineligible for EIPs due to income, and these taxpayers are likely to be heavily under-represented among the population who did not file taxes. The IRS could further weed out likely ineligible households 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.

year, permanently, to allow taxpayers – especially hard-to-reach populations – to claim their credits at any time and to provide updated income and contact information, if needed.

- **Modernize the Non-Filer Portal to make it more accessible.** IRS should make the Portal mobile-friendly, provide content in multiple languages, and make accessibility improvements for people with disabilities.
- **Add a residency question to the Non-Filer Portal to enable automatic payment of childless EITC.** Since the Non-Filer Portal is actually a simple tax return, according to [Olson](#), IRS could simply add a question to the Portal about residency, giving IRS all of the information it needs to make automatic payments of EITC for filers without dependents (as described below): *Did you (and your spouse, if filing married-filing-jointly) have your principal residence in the U.S. for more than six months of the year?*
- **Add a dependent question to the Non-Filer Portal to enable automatic monthly payment of CTC.** As with the improvements recommended for automatic EITC payments above, IRS could add key questions to the Non-Filer Portal to allow parents to include necessary information about their children, which would allow the IRS to pay out CTCs (and potentially EITC for filers with children) automatically (as described below), such as: *Can you claim any dependents under age 17 on your taxes this year?; and Did this child live with you in the U.S. for more than six months of the year?* The House reconciliation bill currently under consideration instructs IRS to provide such a portal for people eligible for the Child Tax Credit to update dependent, marital status, and income information. If well-designed, these questions could also determine eligibility for the EITC for filers with dependents.

### RECOMMENDATION 3: LEVERAGE THE NON-FILER PORTAL TO AUTOMATICALLY PAY REFUNDABLE TAX CREDITS

- **Automatically pay the “childless worker” Earned Income Tax Credit.** In early 2021, taxpayers will begin filing their 2020 tax returns, and many will file as early as possible to ensure they receive their annual tax refunds (from EITC, CTC, and other credits) as quickly as possible. But [one in five](#) eligible low-income individuals and families miss out on the EITC because of barriers to filing.

IRS can use its internal Form W-2 and 1099 data to identify both: (1) taxpayers who used the Non-Filer Portal and appeared to qualify, but did not claim, the EITC for workers without children;<sup>3</sup> and (2) people who didn’t file taxes or use the Non-Filer Portal but who appear eligible based on income and wage data. As with EIPs, IRS already conducts this analysis for tax filers who appear eligible for EITC but don’t claim it – with high confidence. And as with EIPs, it sends notices to these households to tell them they’re likely eligible, yet the uptake gap persists despite these notices, reinforcing that IRS must do more to pay out benefits. According to [Olson](#), the IRS can and should do more: “the IRS has sufficient data to be fairly

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<sup>3</sup> In fact, Portal users were barred from claiming EITC, even if they were eligible, because the form didn’t contain the claim information. Because the IRS was simultaneously administering EIP payments and processing tax returns, it had paused processing on any paper amendments. The result was that many tax filers were caught in a “filing trap,” barred from claiming their EITC and then unable to file an amendment with the IRS in time to get their EITC during the 2020 tax filing season. IRS eventually made improvements to allow filers to amend their returns electronically, but not before many were locked out of their EITC. The IRS should ensure that the filing trap is avoided for any future payments.

confident about the eligibility of *nearly all* households.” The IRS should use the same information to simply send the credits to those households automatically.

As Olson has [noted](#), **the IRS already receives nearly all income and wage information necessary to automatically pay childless EITC**: “Other than earned income, the requirements for the childless worker EITC are that the person claiming the credit (1) not be claimed as a ‘qualifying child’ of another person; (2) not be claimed as a dependent on someone else’s tax return; (3) have the principal residence in the United States for more than half the year; (4) have the appropriate Social Security Number (SSN); and (5) have less than \$3,600 in investment income. The IRS can check all of these requirements against its internal databases, except for the principal residence test.”

The Non-Filer Portal already requires taxpayers to state whether they can be claimed as a dependent on another’s taxes. The only piece of information that’s missing from the Non-Filer Portal is principal residence, which the IRS could infer from the filing and move forward now to pay the childless EITC amount to those who have previously used the Portal. Going forward, IRS should add a question to the Portal to confirm residency, as described above, and ideally also questions about dependents to allow payment of the full EITC.

**Even absent data about filers’ dependents, IRS should send automatic payments of the childless EITC to eligible recipients**, and allow them to come back and claim a larger amount later by reporting their dependents, as was done with recipients of Social Security and Veterans Benefits.

As [Olson](#) has written, the filing process passes refunds through “innumerable filters and databases designed to identify questionable and fraudulent claims, including duplicate claims of qualifying children. . . . It has Social Security databases matching name, age, and parentage of social security number holders, among other information. Regardless of what people claim on their returns, the IRS checks those claims against its databases. . . . **Thus, the IRS has internal processes in place to prevent improper automated payments of the childless worker EITC.**”

Fraud is not a serious concern for these payments. In 2018, the Treasury Inspector General for Tax Administration (TIGTA), who is tasked with detecting and preventing waste, fraud, and abuse in the tax administration, [recommended](#) the IRS automatically calculate and pay the EITC for childless workers.

- **Streamline monthly payment of the Child Tax Credit to all eligible families.** Using the EIP payment infrastructure and building on the existing IRS Non-Filer Portal, the IRS should streamline and automate monthly payments to families who qualify for the Child Tax Credit (CTC). As with EITC and EIPs, the IRS already has almost all of the necessary income and wage data to determine who is likely income-eligible for the CTC – a task that will become even more simple if the CTC is made fully refundable, as is proposed by President Biden.

IRS can build on the technical infrastructure for EIP payments to make monthly electronic payments to families who qualify, including adding key simple questions to the Portal to enable these payments, as described above. If the dependent questions are designed correctly, they would also allow automatic payment of EITC to filers with dependents.

## APPENDIX: HOW MUCH MONEY IS BEING LEFT ON THE TABLE?

Based on publicly available data – the number of [EIP letters](#) sent in each state and [average EIP](#) amount by state – we estimate that an additional **\$15 billion in CARES Act EIPs** has been left on the table. If the IRS were able to pay all [unclaimed EITCs](#) automatically (including childless and all other unclaimed EITC), based on [average EITC amount](#) by state and adjusting for [smaller expected amounts](#) for unclaimed EITCs, we estimate that low-income American households would be eligible for an additional **\$12 billion in EITC** dollars than is claimed today. There is likely to be \$15-25 billion unclaimed from the combined \$2,000 checks, so while these are rough estimates based on limited publicly available IRS data, all told **the Biden administration could distribute as much as \$50 billion in additional aid**, chiefly to those who have been hit hardest by the virus and the recession.

### ***Estimated additional dollars to American households through automatic payment of direct payments and EITC, by state (millions of dollars)***

State	EIP	\$600 + \$1,400 checks (low/high estimates)	EITC	Total
Alabama	\$253	\$253 - \$422	\$254	<b>\$761 - \$930</b>
Alaska	\$54	\$54 - \$89	\$24	<b>\$131 - \$167</b>
Arizona	\$411	\$411 - \$685	\$309	<b>\$1,131 - \$1,405</b>
Arkansas	\$160	\$160 - \$266	\$139	<b>\$458 - \$565</b>
California	\$1,963	\$1,936 - \$3,271	\$1,665	<b>\$5,591 - \$6,899</b>
Colorado	\$300	\$300 - \$501	\$184	<b>\$785 - \$985</b>
Connecticut	\$146	\$146 - \$243	\$94	<b>\$385 - \$482</b>
Delaware	\$55	\$55 - \$92	\$33	<b>\$144 - \$180</b>
District of Columbia	\$46	\$46 - \$77	\$23	<b>\$116 - \$147</b>
Florida	\$938	\$938 - \$1,563	\$843	<b>\$2,718 - \$3,343</b>
Georgia	\$591	\$591 - \$986	\$547	<b>\$1,730 - \$2,124</b>
Hawaii	\$83	\$83 - \$139	\$41	<b>\$207 - \$262</b>
Iowa	\$129	\$129 - \$214	\$95	<b>\$352 - \$437</b>
Idaho	\$77	\$77 - \$128	\$55	<b>\$208 - \$259</b>
Illinois	\$521	\$521 - \$868	\$444	<b>\$1,486 - \$1,833</b>
Indiana	\$266	\$266 - \$443	\$221	<b>\$752 - \$929</b>
Kansas	\$125	\$125 - \$209	\$102	<b>\$353 - \$437</b>
Kentucky	\$204	\$204 - \$340	\$165	<b>\$572 - \$708</b>

Louisiana	\$269	\$269 - \$448	\$285	<b>\$822 - \$1,001</b>
Maine	\$55	\$55 - \$92	\$44	<b>\$154 - \$190</b>
Maryland	\$313	\$313 - \$521	\$224	<b>\$849 - \$1,058</b>
Massachusetts	\$301	\$301 - \$502	\$152	<b>\$754 - \$955</b>
Michigan	\$466	\$466 - \$776	\$319	<b>\$1,250 - \$1,561</b>
Minnesota	\$203	\$203 - \$338	\$135	<b>\$541 - \$676</b>
Mississippi	\$147	\$147 - \$245	\$177	<b>\$471 - \$569</b>
Missouri	\$278	\$278 - \$463	\$224	<b>\$779 - \$964</b>
Montana	\$55	\$55 - \$91	\$33	<b>\$142 - \$179</b>
Nebraska	\$69	\$69 - \$116	\$61	<b>\$199 - \$246</b>
Nevada	\$157	\$157 - \$261	\$148	<b>\$461 - \$566</b>
New Hampshire	\$50	\$50 - \$83	\$32	<b>\$132 - \$166</b>
New Jersey	\$356	\$356 - \$593	\$286	<b>\$998 - \$1,235</b>
New Mexico	\$122	\$122 - \$204	\$92	<b>\$337 - \$418</b>
New York	\$865	\$865 - \$1,442	\$596	<b>\$2,327 - \$2,904</b>
North Carolina	\$421	\$421 - \$702	\$474	<b>\$1,316 - \$1,597</b>
North Dakota	\$35	\$35 - \$58	\$19	<b>\$89 - \$112</b>
Ohio	\$478	\$478 - \$796	\$382	<b>\$1,337 - \$1,657</b>
Oklahoma	\$219	\$219 - \$395	\$191	<b>\$629 - \$775</b>
Oregon	\$222	\$222 - \$370	\$139	<b>\$582 - \$730</b>
Pennsylvania	\$467	\$467 - \$779	\$316	<b>\$1,250 - \$1,562</b>
Rhode Island	\$40	\$40 - \$67	\$27	<b>\$107 - \$134</b>
South Carolina	\$243	\$243 - \$405	\$245	<b>\$732 - \$894</b>
South Dakota	\$35	\$35 - \$59	\$21	<b>\$92 - \$115</b>
Tennessee	\$295	\$295 - \$491	\$263	<b>\$852 - \$1,049</b>
Texas	\$1,390	\$1,390 - \$2,317	\$1,421	<b>\$4,201 - \$5,128</b>
Utah	\$134	\$134 - \$223	\$94	<b>\$361 - \$451</b>
Vermont	\$23	\$23 - \$39	\$11	<b>\$57 - \$72</b>
Virginia	\$349	\$349 - \$582	\$256	<b>\$955 - \$1,187</b>
Washington	\$347	\$347 - \$578	\$209	<b>\$903 - \$1,134</b>
West Virginia	\$48	\$48 - \$80	\$57	<b>\$153 - \$185</b>
Wisconsin	\$196	\$196 - \$326	\$157	<b>\$548 - \$679</b>
Wyoming	\$26	\$26 - \$44	\$15	<b>\$67 - \$85</b>
Other (foreign addresses & armed services)	\$9	\$9 - \$16	\$7	<b>\$26 - \$32</b>
<b>Total</b>	<b>\$15,004</b>	<b>\$15,004 - \$25,007</b>	<b>\$12,345</b>	<b>\$42,354 - \$52,357</b>