

Spencer Wilson Financial Management Services

IRS Cancels Stimulus Checks Issued to Decedents

Article Highlights:

- Stimulus Payments to Deceased Individuals
- Stop Payments Being Made on Checks Already Issued
- IRS Authority to Deny Stimulus Payments to Deceased Individuals
- History of Stimulus Payments
- IRS Q&A Dealing with Deceased Individuals and the Return of the Payments

According to the recently updated IRS FAQ page, the Treasury Dept. has cancelled outstanding Economic Impact Payment checks issued to recipients who may not be eligible, including those who may be deceased. Some sources indicate the Bureau of Fiscal Services, the agency issuing the stimulus checks, has stopped payment on uncashed checks and is even having those that have already been deposited into existing bank accounts reversed.

Is this an overreach by the Treasury Department? The CARES Act, passed by Congress in March and the legislation that authorized the stimulus payments, says anyone alive in 2019 is entitled to a payment. Here is a little background on this issue.

In late April in an interview with the [Wall Street Journal](#), Treasury Secretary Mnuchin was quoted as saying that stimulus payments to deceased individuals should be returned. However, he provided no statutory authority requiring such payments to be returned.

Nina Olson, the former longtime IRS Taxpayer Advocate and founder of the Center for Taxpayer Rights, has asked, "what is the legal reasoning for this?" In various publications she noted, as mentioned earlier, that the CARES Act doesn't say deceased people can't receive stimulus checks and added that the hard stance may have come from the White House.

There was a similar situation in 2008 during the world wide [Great Recession](#) when real estate values tanked. At that time Congress also authorized stimulus payments and payments were also issued to deceased individuals. Back then, there was no requirement for those payments to be repaid.

Some of the later checks sent out this year were in an IRS envelope that stated that forgery of endorsements is a federal crime, etc., and had a check box "If recipient is deceased, check here and drop in mailbox."

According to the Treasury Inspector General for Tax Administration, as of May 21, 2020, IRS had issued more than 157 million Economic Impact Payments totaling more than \$264 billion. Of those, less than 1.2 million payments (less than 1 percent) were issued to deceased individuals.

As time has passed, the IRS has gotten more aggressive with their position that payments to deceased individual be returned, even though they have not quoted any statutory authority. The IRS Q&A has been updated to include the following:

Q2. Who is not eligible for a Economic Impact Payment?

A2. Taxpayers likely won't qualify for an Economic Impact Payment if any of the following apply:

- You do not have any qualifying children and your adjusted gross income is greater than
 - o \$198,000 if your filing status was married filing jointly
 - o \$136,500 for head of household

- o \$99,000 for all other eligible individuals
- You can be claimed as a dependent on someone else's return. For example, this would include a child, student who can be claimed on a parent's return or a dependent parent who is claimed on their child's return.
- You do not have a Social Security number that is valid for employment.
- You are a nonresident alien.
- You filed Form 1040-NR or Form 1040NR-EZ, Form 1040-PR or Form 1040-SS for 2019.
- An incarcerated individual.
- **A deceased individual.**
- An estate or trust.

Q65. What should I do to return an Economic Impact Payment that was received as a direct deposit or a paper check?

A65. You should return the payment as described below.

If the payment was a paper check:

Write "Void" in the endorsement section on the back of the check.

1. *Mail the voided Treasury check immediately to the appropriate IRS location listed below.*
2. *Don't staple, bend, or paper clip the check.*
3. *Include a brief explanation stating the reason for returning the check.*

If the payment was a paper check and you have cashed it, or if the payment was a direct deposit:

1. *Submit a personal check, money order, etc., immediately to the appropriate IRS location listed below.*
2. *Write on the check/money order made payable to "U.S. Treasury" and write 2020EIP, and the taxpayer identification number (social security number, or individual taxpayer identification number) of the recipient of the check.*
3. *Include a brief explanation of the reason for returning the EIP.*

Q66. How do I return an Economic Impact Payment that was received as an EIP Card (debit card) if I don't want the payment re-issued?

A66. If you received your EIP as a debit card and want to return the money to the IRS and NOT have the payment re-issued, send the card along with a brief explanation stating you don't want the payment and do not want the payment re-issued:

*Money Network Cardholder Services
5565 Glenridge Connector NE
Mail Stop GH-52
Atlanta, GA 30342that*

If you have questions related to stimulus payments to deceased individuals or others, please give this office a call.