

EXTENSION NEWS

THE CHECK IS IN THE MAIL

March 11, 2008

Are you waiting for your tax rebate? Have you made your plans on how to spend or save it yet? As early as May more than 130 million households will begin receiving a "bonus check" from Uncle Sam. The bonus is being promoted as an economic stimulus plan for the country, the hope is that the money will burn such a hole in your pocket that you won't be able to resist spending what you receive. President Bush signed the \$168 billion Economic Stimulus Package into law in February with the hope that spending the money will give an energizing jolt to a national economy.

If you received benefits or earned income of \$3,000 or more in 2007 you qualify to receive the rebate. Qualifying income includes earned income from wages, salaries, tips, self-employment, social security, certain retirement benefits and veterans' benefits. Taxpayers must have a valid Social Security number to be eligible. Those with a TIN or Individual Taxpayer Identification Number are not eligible. In addition to qualifying you MUST file a tax return this year to receive the payment. Even if you do not owe taxes, you must file a 1040A or a 1040 tax return by April 15 to receive a rebate check. To accommodate taxpayers who file tax returns later in the year, the IRS will continue sending payments until December 31, 2008.

Essentially the program works like this: If you earned less than \$3,000 you do not qualify for a tax rebate. If you earned more than \$3,000 but paid no taxes, you will receive \$300. If you made more than \$3,000 and paid taxes you will receive \$600. And if you have children under 17, add an additional \$300 per child. A single person will receive a \$600 rebate check and a married couple will receive \$1,200. For those filing joint tax returns, only a total of \$3,000 of qualifying income for both spouses is required to be eligible for a payment. Payments to higher income taxpayers will be reduced by 5 percent of the amount of income above \$75,000 for individuals and \$150,000 for those filing jointly.

The stimulus payments will be made in the same way that you receive your tax refund. For example, if you request that your refund be directly deposited into your bank account, the stimulus payment will arrive there as well. If you have not yet filed your taxes, consider direct deposit, it is the fastest way to get your refund and the stimulus payment.

As you are waiting for your rebate watch out for possible scams asking you for sensitive information over the phone or through e-mail that are sure to crop up. The IRS mailing will be titled "Economic Stimulus Payment Notice". You will receive two informational notices advising you of the stimulus payment. The IRS will not call or e-mail you about stimulus payments.

For more information, contact the Internal Revenue Service at <http://www.irs.gov> or call (800) 829-1040 or Cooperative Extension 336-570-6740. For ways to use your bonus visit: <http://www.ces.ncsu.edu/depts/fcs/resource.html>