

Justification of Non-Material/Non-Substantive Change

P.L. 116-136 (H.R. 748, Coronavirus Aid, Relief and Economic Security (CARES) Act) - signed by the President on March 27, 2020, established a 2020 recovery rebate for individuals (the Economic Impact Payment (EIP)). As a result, IRS will issue EIPs to help Americans during this crisis. Taxpayers who filed a tax return for 2019 and 2018, and everyone who has Social Security and Railroad Retirement Act payments reported on 1099s, will receive an EIP without doing anything else.

For those individuals who may be eligible to receive the EIP, but don't fall under any of these categories, the IRS has partnered with the tax-preparation industry to develop a way to file a simplified tax return in order to provide IRS with the necessary information to process the payments. Tax preparers will offer a free online tool that populates the basic information needed to generate the EIP (specifically the name, address, SSN, filing status and dependent information) and file it with the IRS electronically. The person doing this will also be able to submit bank account information, to ensure the fastest delivery of the EIP through direct deposit.

The information gathered will be submitted to IRS as a Form 1040. However, the person filing will not have to submit all the information that would otherwise be needed to process the 1040, since they are not required to file a tax return. Filers will only complete certain portions of the form necessary for IRS to process the EIP.

Because this information is being submitted on a Form 1040, it will display, where applicable, the Form 1040 OMB No. 1545-0074. Since only basic information is being collected, IRS estimates that each submission will take 15 minutes.

IRS estimates that approximately 14,000,000 persons will be eligible to receive the EIP under the CARES Act, but have not filed a tax return, and do not receive Social Security or RRA payments. The agency is therefore requesting a Non-Material Change in order to add an additional 14,000,000 respondents and 3,500,000 hours of burden to 1545-0074 as a one-time temporary increase due to enactment of the CARES Act.