



ACH Network Rules Pandemic-Related Frequently Asked Questions

Third Round Economic Impact Payments

Updated June 11, 2021

Nacha has developed the following FAQs based on information it has provided, information it has learned, and inquiries posed to Nacha by industry participants. Newly added or revised FAQs are shown at the beginning of the list.

June 11, 2021

1. If an RDFI is returning a Paycheck Protection Program (PPP) ACH credit entry because the RDFI believes the entry is fraudulent, what Return Reason Code should the RDFI use?

If an RDFI makes the decision to return an ACH credit entry related to the Paycheck Protection Program because the RDFI believes the entry was initiated due to fraud, the RDFI should select the Return Reason Code that most closely approximates the reason for the return. In this scenario, Return Reason Code R03 (No Account/Unable to Locate Account), R17 (File Record Edit Criteria/Entry with Invalid Account Number Initiated Under Questionable Circumstances), or R23 (Credit Entry Refused by Receiver) may be acceptable options. Please note that this use of R17 requires "QUESTIONABLE" to be inserted in the first twelve positions of the Addenda Record.

RDFIs can make a business decision to return these credit entries outside of the standard return timeframe. Due to the circumstances and the lenders' desire to recoup the funds, it is unlikely that the return of credits will be dishonored as untimely.

May 10, 2021

2. How will FEMA Covid-19 funeral expenses paid via ACH be identified?

FEMA funeral expense ACH credits will bear 'FEMA TREAS 310' in the Company Name field and a Company Entry Description of ' MIS PAY'.

3. How many Round 3 Economic Impact Payments (EIP3) have been issued?

As of April 28, 2021, the Internal Revenue Service, the U.S. Department of the

Treasury and the Bureau of the Fiscal Service have disbursed approximately 163 million payments with a total value of approximately \$384 billion.

March 17, 2021

4. When will EIP3s be made?

The American Rescue Plan Act of March 11, 2021 authorized a third round of Economic Impact Payments to be made by the IRS. The first wave of EIP3s were transmitted March 12-14, with effective and settlement dates of March 17, 2021. A second wave of EIP3s is slated to be transmitted on March 19 with effective and settlement dates of March 24, 2021.

5. When will funds from EIP3s be available?

For EIP3s made by ACH Direct Deposit with a settlement date of Wednesday, March 17, 2021, an RDFI is required to make funds available for cash withdrawal by 9 a.m. (in the RDFI's local time) on March 17. For second wave EIP3s made via ACH Direct Deposit with a settlement date of Wednesday, March 24, 2021, an RDFI is required to make funds available for cash withdrawal by 9 a.m. (in the RDFI's local time) on March 24. Funds remain with the government until the settlement date of the transaction.

6. Who is eligible for an EIP3?

Taxpayers may qualify for the full amount of the EIP3 if they have an adjusted gross income of up to \$75,000 for singles and married persons filing a separate return, up to \$112,500 for heads of household and up to \$150,000 for married couples filing joint returns and surviving spouses. Payment amounts are reduced for filers with incomes above those levels. Those eligible will automatically receive an Economic Impact Payment of up to \$1,400 for individuals or \$2,800 for married couples, plus \$1,400 for each dependent. For more information on eligibility and payment amounts, please see here: <https://www.irs.gov/newsroom/more-details-about-the-third-round-of-economic-impact-payments>

7. What is the best way to check on the issuance of an EIP3?

People that are eligible and expecting to receive EIP3s by Direct Deposit that have not received them should check directly with the IRS via the Get My Payment tool. The IRS reminds people that they should not contact their financial institutions with payment timing questions.

8. How will EIP3s be identified?

The third round EIPs (EIP3s) made by ACH Direct Deposit will be identified with

the following information:

Company Name: "IRS TREAS 310"

Company Entry Description: " TAXEIP3 " (Note: no leading "XX")

Other identifying information (ODFI Routing Numbers and Company Identifications) is being provided by the U.S. Treasury's Bureau of the Fiscal Service

9. Can individuals supply their Direct Deposit information for the third round of EIPs?

No. The IRS will use the banking information it already has to make payments. Those who don't receive a payment via direct deposit will generally receive a check or, in some instances, a prepaid debit card (referred to as an "EIP Card"). A payment will not be added to an existing EIP card mailed for the first or second round of stimulus payments.

10. Are the third round EIPs exempt from garnishment?

Financial institutions may wish to consult with their legal counsel for guidance on garnishment.

11. Are EIP3s EIPs subject to Federal offsets?

No. Under the new law, EIP3s cannot be offset to pay various past-due federal debts or back taxes.

12. Can RDFIs post payments from the U.S. Treasury based on account number only?

Yes. Nacha Rules Subsection 3.1.2 states in full that “An RDFI may rely solely on the account number contained in an Entry for the purpose of posting the Entry to a Receiver’s account, regardless of whether the name of the Receiver in the Entry matches the name associated with the account number in the Entry.” Furthermore, the Green Book, Chapter Two, pages 2-5 and 2-6 states, “It is important to note that a financial institution is not required to manually verify that the name on the ACH entry matches the name on the account at the time the payment is posted. An RDFI is only liable for posting the payment to the account in the ACH credit entry.”

If an RDFI becomes aware that a payment was misdirected to a wrong account, either by an accountholder, a government agency, or through its own research, it is required to notify the sending agency. Notification could be through proper return of the ACH entry or by contacting the agency. If it deems possible, the RDFI may make an internal correction and provide the agency with an NOC; however, the RDFI is liable for the corrected information.

Please see: <https://fiscal.treasury.gov/reference-guidance/green-book/chapter-2.html>

13. What should an RDFI do if a U.S. Treasury payment is to a closed account?

According to information in the U.S. Treasury’s Green Book (page 4-2), the RDFI should return the payment. The Green Book states in Chapter 4 that all ACH payments must be returned in accordance with the Nacha Operating Rules and Guidelines, including when an account is closed or does not exist. Most ACH returns to the IRS will result in a paper check being issued; therefore, RDFIs must make appropriate use of Return Reason Codes. Please see: <https://fiscal.treasury.gov/reference-guidance/green-book/chapter-4.html>