

## Tax Relief Checks

Contributed by admin  
Friday, 07 November 2008

Tax-relief checks are checks that the tax authorities mail to taxpayers as a means to lessen the tax burden. They can also be refund checks that are received from tax authorities for taxes paid in advance. After computing the tax assessment for the current assessment year or for the previous year, the tax authorities send any excess tax paid back to the taxpayer.

Tax-relief checks assumed prominence recently with the passing of the Economic Growth and Tax Relief Reconciliation Act of 2001, arguably the first major tax-relief program in the nation in the last two decades. The objective of the legislation is to reduce the burden on taxpayers by disbursing in advance tax-relief checks. The U.S. Treasury mailed checks for up to \$300 for singles or \$600 for couples in the summer of 2001, and the process is expected to be phased in over the coming years. Significantly, these tax-relief checks heralded the switch from the old 15 percent tax rate to the new 10 percent tax bracket. The objective here was to accord the highest priority to low- and moderate-income families by timely disbursement of the tax-relief checks based on the income tax burden.

The tax-relief legislation also has provisions to lighten the tax burden by allowing deductions for college tuition, student loan interest deductions, and tax benefits from government bonds that are issued specifically for constructing public school buildings. The fact that the relief checks are being sent as a refund to the taxpayers has drawn criticism from various sections of the population who believe that the money should have been directly used for education. Also, an important aspect of the tax-relief checks that has been brought to light is that these relief checks are not rebates or refunds from past overpaid taxes, but an advance on the refund for the future taxes to be filed.