

CARES Act Recovery Rebates

Part of the CARES Act's relief provides recovery rebates for individuals. These direct cash payments are intended to provide a boost to the current struggling economy by giving money to those who are in the most need of additional support.

Who is eligible for the recovery rebates, and how much will they receive?

For purposes of the recovery rebate an 'eligible individual' means any individual other than:

- Any nonresident alien individual;
- Anyone who was claimed as a dependent on another person's tax return; or
- An estate or trust.

The rebates include:

- \$1,200 for an eligible individual (\$2,400 in case of eligible individual filing a joint return; and
- \$500 per qualifying child.

Will the amount of the recovery rebate be adjusted based on someone's income?

The amount of the rebate will start phasing out based on the taxpayer's adjusted gross income. The phase out starts at \$75,000 for individuals, \$112,000 for head of household, or \$150,000 for married filing jointly. The rebate amount is reduced by \$5 for every \$100 of the taxpayer's income that exceeds the phase-out threshold and is completely eliminated for single filers with incomes over \$99,000, \$146,500 for head of household filers with one child, or joint filers with incomes over \$198,000 with no children.

How will the recovery rebates be delivered?

The IRS will disburse the refunds electronically to any account to which the taxpayer has authorized, on or after Jan. 1, 2018, to receive their tax refund from the IRS. If the IRS does not have an authorized account to send the rebate to electronically, a Treasury check will be mailed.

Will the IRS notify people after the rebates have been sent?

Not later than 15 days after the IRS has distributed a payment to an eligible taxpayer, the IRS will send a notice by mail to the taxpayer's last known address. This notice will indicate the method the payment was sent, the amount of the payment, and a phone number to contact the appropriate point of contact at the IRS to report any failure to receive such payment.

What will people need to do in order to receive the rebate?

For the vast majority of individuals, no action will be needed on their part. The IRS will use the taxpayer's 2019 tax return, or their 2018 tax return if they have not yet filed their 2019 tax return.

The CARES Act also instructs the Treasury in coordination with the Commissioner of Social Security to engage in a public campaign to alert all individuals of their eligibility for the recovery rebates and how to receive it if they have not filed either a 2019 or 2018 tax return.

Are recovery rebates taxable?

The recovery rebates would not be counted as taxable income for the recipients.

What about seniors whose only income is from Social Security or a veteran whose only income is veterans' disability?

Those whose income is only social security, veterans' disability, or other federal benefit payment, are still eligible to receive the recovery rebates. This is contingent on them not being a dependent of another taxpayer.