



WAYS AND MEANS

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Senate CARES Coronavirus Bill

Details of Individual Tax Rebates

- As long as a person has a valid Social Security number, they can receive the credit – so this means workers, those receiving welfare benefits, Social Security beneficiaries, and others are all eligible.
 - There is no tax liability requirement nor earned income requirement.
- To receive the credit, an individual must have a valid Social Security number.
 - The bill includes improved language based on the implementation of the 2008 law to ensure that only those with a valid SSN will to get the credit. If a return is filed using a SSN that is not valid, IRS will have the authority needed to not pay the credit.
- The full credit amount (\$1,200 individuals, \$2,400 couples, \$500 for children) is available for those with incomes at or below \$75,000 individual, \$112,500 head of household, \$150,000 joint.
 - The credit phases out above those thresholds; which means, for those without children, an individual with \$99,000 (or a couple with \$198,000) of income will not receive any rebate.
- The credit is not taxable, consistent with other refundable tax credits.
- Payments may be made electronically to an account previously authorized by the individual.

CARES Improves on Emergency Stimulus Act Of 2008

BETTER WAYS TO ENSURE ONLY THE ELIGIBLE RECEIVE CREDIT

CARES provides the necessary authority to ensure credit only goes to individuals with a valid Social Security number.

- TIGTA found the IRS lacked sufficient math error authority to prevent individuals without valid SSNs from receiving a refund check and erroneously paid more than \$27 million to non-eligible individuals. ¹

A BETTER PROCESS FOR THOSE WHO DIDN'T HAVE TO FILE TAXES

The CARES Act makes it easier for seniors and individuals with disabilities to receive the credit, by using the SSA-1099 and RRB-1099 information to identify Social Security retirement and disability beneficiaries and Railroad Retirement beneficiaries who may not otherwise file and are eligible.

- Non-filers faced significant barriers to accessing the credit in the Emergency Stimulus Act. The Taxpayer Advocate recommended finding a way to allow a future credit to be paid to eligible Social Security and VA beneficiaries without having to file, if they do not otherwise need to do so. ²

EASY: EVERYONE GETS THE SAME REFUND AMOUNT

CARES Act simplifies the refundable credit for individuals by offering the same refund amount to all eligible individuals and eliminating both the qualifying income requirement and the tax liability requirement.

¹ “Evaluation of the Planning, Computation, and Issuance of the Recovery Rebate Credit.” Treasury Inspector General for Tax Administration, September 9, 2009. <https://www.treasury.gov/tigta/auditreports/2009reports/200940129fr.pdf>

² See testimony of Nina Olson at June 19, 2008 Joint Hearing of the Subcommittee on Oversight and Subcommittee on Social Security. <https://www.govinfo.gov/content/pkg/CHRG-110hhrg50038/pdf/CHRG-110hhrg50038.pdf>

- Complexity of the eligibility and computation rules lead to taxpayer confusion, increasing work for IRS and SSA. The Taxpayer Advocate suggested simplifying for future refundable credits.³

	Economic Stimulus Act of 2008 (as amended by HEART Act of 2008)	Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
Eligibility	<ul style="list-style-type: none"> • Must have either: <ol style="list-style-type: none"> (1) Qualifying income of at least \$3,000: <ol style="list-style-type: none"> a. Earned income b. Social Security, Veterans Affairs, or Railroad Retirement benefits (2) Tax liability greater than zero • Must have a valid SSN <ul style="list-style-type: none"> ○ unless spouse or child of a military member 	<ul style="list-style-type: none"> • No income requirement. • No tax liability requirement. • Must have a valid SSN <ul style="list-style-type: none"> ○ unless spouse/child of a military member or adopted child (uses Adoption Tax Identification Number)
Amount	<ul style="list-style-type: none"> • Maximum of \$600 for individuals (\$1,200 joint filers) and \$300 per child. • Cannot exceed net income tax liability with a minimum credit of \$300 for individuals (\$600 joint filers). • Phases out beginning at \$75,000 for individuals, \$150,000 for joint filers. 	<ul style="list-style-type: none"> • \$1,200 for individuals (\$2,400 joint filers) and \$500 per child. • Phases out beginning at \$75,000 for individuals, \$112,500 head of household, \$150,000 for joint filers.
Are non-tax filers eligible?	Yes, as long as they have qualified income \$3,000+, and file a prior-year tax for the credit.	Yes, there are two ways in this bill for non-filers to receive a refund check: <ol style="list-style-type: none"> (1) By filing a tax return for the 2019 tax year, which they can do until July 15. (2) By IRS using the SSA-1099 and RRB-1099 to identify Social Security and Railroad Retirement beneficiaries who fall below the tax filing requirement.
Does it affect eligibility for means-tested benefits?	No – explicit prohibition on credit being counted in eligibility for Federal benefits calculations.	No – Section 6409 of the Internal Revenue Code already prohibits these types of credit from affecting eligibility for means tested benefits.

³ See testimony of Nina Olson at June 19, 2008 Joint Hearing of the Subcommittee on Oversight and Subcommittee on Social Security. <https://www.govinfo.gov/content/pkg/CHRG-110hhrg50038/pdf/CHRG-110hhrg50038.pdf>
Committee on Ways and Means