

CARES Act Rebate

Who Is Eligible?

Generally speaking, every adult is eligible for a \$1,200 rebate as long as they have a work-eligible Social Security Number and they are not claimed as a dependent by another taxpayer. There will also be a \$500 rebate available for each of their dependent children under the age of 17.

NOTE – Full-Time College Students will not be eligible for their own rebate or qualify for the \$500 dependent rebate.

Income Limitations

There is no minimum amount of income required to be eligible for the rebate, but some taxpayers will have their rebates reduced (or eliminated) based on higher levels of income. The table below summarizes the rebates available based on your Tax Filing Status and outlines where the phase-out begins based on the Adjusted Gross Income (AGI) reported on your Form 1040.

| Filing Status | Rebate | Full Rebate (AGI Up To) | No Rebate (AGI Over) |
|----------------------|---------------|--------------------------------|-----------------------------|
| Single | 1,200 | 75,000 | 99,000 |
| Head of Household | 1,200 | 112,500 | 146,500 |
| Married Filing Joint | 2,400 | 150,000 | 198,000 |

For folks with dependent children, the phase-out rules are too complex to discuss in this short summary, but there are good calculators available on various internet websites to help you determine your rebate amount. Click [HERE](#) to use one of these calculators.

2020 Income

It is likely that many people may not qualify for a rebate based on their 2018 or 2019 tax return on file, but due to COVID-19 crisis will have significantly lower income in the current year. Unfortunately, these folks will not get an immediate rebate to help them in the coming weeks. The good news is that if their 2020 income does fall within the Act's guidelines, they will receive a credit on their 2020 Income Tax Return which will reduce their tax liability or be refunded based on their particular facts and circumstances.

Some folks may receive a rebate based on their 2018 or 2019 income and then earn a larger amount in 2020. That would disqualify them for some or all of the amount they received. In these cases, there will be no repayment required.

How Will the Rebates Be Paid?

If you are eligible, there are two ways to receive your rebate. If you have set up direct deposit for your tax refund, that is how your rebate will be distributed. If you are not set up for direct deposit, a check will be mailed to the address on record with the IRS. For folks who qualify, the goal is to make these payments as quickly as possible. While this is a challenge, the hope is to have most payments made in April 2020.

NOTE – if you have moved since filing your 2018 or 2019 Tax return, make sure the IRS has your current address. You can do this by filing Form 8822 with the IRS. More information available [HERE](#)

What if I Have not Filed a 2019 Tax Return?

Folks who have not filed a 2018 or 2019 Form 1040 will not be eligible to receive a rebate check in the coming weeks. These folks should file a 2019 return as soon possible to obtain a rebate now rather than

waiting to file a 2020 return. The best way to do this is to use the free filing tool on the IRS website (www.irs.gov). On the IRS home page, click on the Do Your Taxes for Free link.

For More Information

[CARES Act: Recovery Check FAQ](#) – Prepared by Senator Grassley

[Analyzing The CARES Act](#) – detailed analysis prepared by leading Certified Financial Planner Jeffrey Levine