



CARES Act: Individual Cash Payments to U.S. Households

COVID-19
UPDATES

Under the recently passed **Coronavirus Aid, Relief, and Economic Security Act** ("CARES Act"), many U.S. households will receive cash payments from the federal government to help them weather the unprecedented economic disruption caused by the COVID-19 pandemic. Eligibility for and size of payments will vary depending upon each household's individual circumstances. This information applies generally. However, ***all TWU members are advised to seek guidance from a tax professional regarding the possible implications for their future tax obligations.***

Who will receive a payment and how much will they receive?

In general, adults should get \$1,200 and couples filing joint returns should get \$2,400; eligible individuals also will receive \$500 for each [dependent child aged 16 or younger](#).

On what basis are the cash payments determined?

Most payments are based on the adjusted gross income (AGI) reported on your 2019 tax return. If you have not yet filed for 2019, the payment will be based on your 2018 return. Payments are reduced for higher income households depending on filing status and number of children. Payments start phasing out for single individuals with (AGI) of \$75,000, couples filing jointly with AGI of \$150,000, and single heads of household with AGI of \$112,500. Single, childless filers with AGI of \$99,000 or more and childless couples filing jointly with AGI of \$198,000+ will not get a payment.

How will payments be made?

The Treasury Department will either make a direct deposit to your bank or mail a check to your home.

When will payments be sent?

The Treasury Secretary announced that payments would be made within a few weeks—by mid-April; however, it is likely to take a month or more to receive the funds.

Who is not eligible for a payment?

- 17 and 18-year-old children (Care takers also are ineligible for the \$500 dependent payment)
- College students aged 19 to 23 (Care takers also ineligible for the \$500 dependent payment)
- [Adults who may be claimed as a dependent](#), e.g. a disabled sibling or frail parent; (Care takers also ineligible for the \$500 dependent payment)
- Non-U.S. citizens without green cards or who fail to reside in the US for a minimum time
- Individuals without a Social Security number (SSN); if a couple files jointly, *both* must have SSNs, unless one spouse is a member of the armed forces
- Those who did not file either a 2018 or 2019 tax return, e.g. working people whose income fell below the standard deduction amount; filing a 1040 now would allow one to be eligible for a cash payment

Does the payment count as income? Is it taxable?

As with any tax refund, these payments [do not count as income or resources](#) for a 12-month period in determining eligibility for, or the amount of assistance provided by, any federally funded public benefit program. In addition, these payments are not taxable.

Will I have to pay the money back?

Technically, the payment is a tax credit advanced to your 2020 taxes, which you will report in 2021. So, in that way, you will be "paying it back."

For more information: Contact a tax professional for guidance on the specific circumstances of your household. Also see this [Congressional Research Service memo](#).

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