**CARES Act – Rebate Distributions**

The bill provides a $1,200 rebate for individuals ($2,400 for joint filing taxpayers) with adjusted gross income up to $75,000 ($150,000 married). On top of that, taxpayers with children will receive an additional $500 for each child.

Eligibility: All U.S. residents who are not claimed as a dependent of another taxpayer and have a work eligible social security number (up to the income threshold limits)

* Note, this **does** apply to those who have no income, as well as those who receive income from non-taxable means-tested benefit programs, such as Social Security.

The rebate phases out $5 for every $100 above the income thresholds, as noted below:

* Individuals: $75,000
* Head of Household: $112,500
* Married/joint: $150,000

For example, an individual making $75,500 ($500 above threshold) will receive $1,175 ($1,200 minus $25 for phase out). An individual making $80,000 will receive $950 ($1,200 minus $250).

The amount is completely phased-out for single filers with incomes exceeding $99,000, $146,500 for head of household filers with one child, and $198,000 for joint filers with no children.

The rebate will not be counted as taxable income for recipients, as it is a credit against tax liability. It is refundable even for taxpayers with no tax liability to offset. This includes many low-income individuals who file a tax return in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit.

How to receive: no action is needed by most taxpayers. It is ultimately calculated using the taxpayer’s 2020 income. The IRS will use 2019 tax returns (or 2018 if they have not yet filed for 2019) as a basis. It will then reconcile the amount based on their 2020 income (when they file their 2020 return in a year).

Taxpayers eligible for a larger rebate based on 2020 income (if their income decreased from 2019 and is within the threshold) will receive the difference in the 2020 tax season. Taxpayers with incomes higher than their 2019 incomes will **not** be charged the difference in the next tax season – the overpayment by IRS will be forgiven. For example, a single taxpayer with income of $100,000 ($1,000 above the limit) in 2019 would not receive an advance rebate, but they would receive a credit on their 2020 return if their income for the year fell below the phaseout. Conversely, a single taxpayer with $35,000 in income in 2019 would receive a $1,200 advance rebate but would not have to pay the rebate back on the 2020 return if they make $100,000 this year.