

CARES Act FAQs: **Individuals**

In response to the COVID-19 global pandemic and state of emergency, Congress passed the Coronavirus, Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. This is historic and sweeping legislation aimed at keeping workers paid and employed, allowing businesses to remain operational, make necessary health care system enhancements and stabilize the country. However, the Act is quite lengthy, so we are here to break down what exactly this means for you as an individual.

RECOVERY REBATE/STIMULUS PAYMENT

Who is eligible for a recovery rebate or stimulus payment?

All US residents with adjusted gross income (AGI) under \$75,000 (\$112,500 for head of household and \$150,000 married), who are not the dependent of another taxpayer and have a work-eligible Social Security Number, are eligible for the full \$1,200 (\$2,400 for married couples) rebate. They are also eligible for an additional \$500/child.

Are taxpayers with AGI over \$75,000 (\$112,500 for head of household and \$150,000 married) eligible to receive any rebate?

The rebate amount is reduced by \$5 for each \$100 that the income exceeds the phase-out threshold. 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. For a typical family of four, the amount is completely phased out for those with AGI exceeding \$218,000.

What if my income was above the threshold in 2019, but I've lost my job due to the coronavirus? Can I still get a rebate check?

If your income in 2019 was in the phase-out range, you would still receive a partial rebate based on your 2019 tax return. However, the rebate is an advance on a tax credit that you may claim on your 2020 tax return. If your income is lower in 2020 than in 2019, any additional credit you are eligible for will be refunded or reduce your tax liability when you file your 2020 tax return next year.

Is the rebate taxable or will I have to pay back any amount if the rebate based on my 2019 return is larger than what it would be if based on my 2020 tax return?

No, the rebate is treated like other refundable tax credits and is not considered income. If the credit amount you qualify based on 2020 income is less than what you qualify based on your 2019 tax return, it does not have to be paid back.

Who qualifies as a child for rebate purposes?

Any child who qualifies for the Child Tax Credit also qualifies here. In general, a child is any dependent of a taxpayer under the age of 17.

Are individuals with little to no income or those on means-tested federal benefits, such as SSI, eligible for a recovery rebate?

Yes, there is no qualifying income requirement.

Are seniors whose only income is from Social Security or a veteran whose only income is a veterans' disability payment eligible?

Yes, as long as they are not the dependent of another taxpayer.

I am eligible for a rebate, what do I have to do to receive it?

For most Americans, no action is required since the IRS will use the 2019 tax return if filed, or their 2018 return if they haven't filed 2019 yet.

UNEMPLOYMENT BENEFITS

Who will be covered by the expanded program?

The CARES Act includes many more workers than are usually eligible, including self-employed people and part-time workers. Those who are unemployed, are partly unemployed or cannot work for a wide variety of coronavirus-related reasons will be more likely to receive benefits.

How much will I receive?

It depends on your state. Generally, eligible workers will get an extra \$600 per week on top of their state benefit.

Are gig workers, freelancers, and independent contractors covered?

Yes, self-employed people are eligible for unemployment benefits and the additional \$600/week benefit from the federal government.

If my state doesn't cover part-time workers, am I still eligible?

Yes, part-time workers are eligible for benefits, but the benefit amount and how long it will last depend on the state. They are also eligible for the additional \$600/week benefit.

Who doesn't qualify for benefits?

Workers who are able to work from home, and those receiving paid sick leave or paid family leave are not covered. New entrants to the work force who cannot find jobs are also ineligible.

How long will the payments last?

Many states already provide 26 weeks of benefits. The bill provides all eligible workers with an additional 13 weeks, so in states with 26 weeks of benefits, claimants can receive funds for a total of 39 weeks. The extra \$600/week payments will last for up to four months, covering weeks of unemployment ending July 31.

How long does the broader program last?

Expanded coverage would be available to workers who were newly eligible for unemployment benefits for weeks starting on Jan. 27, 2020, through Dec. 31, 2020.

Do people already receiving benefits receive any additional help?

Yes, even if you are already receiving unemployment benefits for reasons unrelated to coronavirus, your state-level benefits will still be extended by 13 weeks. You will also receive the extra \$600/week from the federal government.

Could I sign up again if my unemployment recently ran out?

Yes, if you've exhausted your benefits, eligible workers can generally reapply. The amount you receive and for how long depends on the state where you worked. Everyone gets at least another 13 weeks, along with the extra \$600 payments through July 31.

How long do I need to wait for benefits?

States have been incentivized to waive the one-week waiting period, but it's unclear how long it will take to process claims.

The CARES Act is extensive and can be very confusing. Please also refer to the [Jacobi Media Center](#) for more detailed information on the CARES Act. As always, your Jacobi Capital Team is here to walk you through any questions or concerns you may have during this historic time. We fully intend to keep our promises to our clients and will continue along this journey with you.

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