

CARES ACT - Part 1 Recovery Rebate

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I started with this section because we feel it is important for our clients to know if they are or are not eligible for this rebate. Over the weekend, I've noticed a great deal of confusion regarding this provision. Let's start with what it is. It is a rebate provided to those with eligible income (see below). The bill actually uses the language "credit" for the first taxable year beginning in **2020**.

What are the amounts?

- **\$1,200 single**
- **\$2,400 joint return**
- **\$500 per qualified child (under the age of 17)**

Who is eligible?

- \$75,000 Single (and in my interpretation, married filing separate, since it states "as not described in paragraphs 1 or 2" listed below)
- \$112,500 Head of Household
- \$150,000 Joint
- If your income is above that limit, it will be reduced by 5% for each \$100 of income over those thresholds. Complete phase out:
 - \$99,000 single
 - \$146,500 Head of Household
 - \$198,000 Joint

What tax year is this based on?

- 2019
- 2018 if you haven't filed your 2019 tax return
- If you haven't filed, the legislation states that they may use alternative information such as your SSA-1099.

What if my income is more in 2018 and 2019, but less in 2020?

- You will receive the credit when you file your 2020 tax return and benefit at that time.

What if my 2018 income was lower and I haven't filed 2019?

- As noted above, the rebate will be based on your 2018 income.

- Interestingly, the language seems to read that if your 2019 income would have reduced your benefit, then you **won't** be subject to refunding the rebate.

When should you expect to receive the rebate?

- "As soon as possible" is the language used.
- Our guess, Mid-May

Will these checks be taxable? No