

COVID-19 and the Recovery Rebates in the CARES Act: Social Security and Supplemental Security Income Beneficiaries

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The [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), provides emergency relief measures in response to the Coronavirus Disease 2019 (COVID-19) pandemic. Section 2201 of the CARES Act provides recovery rebates for most individuals, structured as automatically advanced tax credits to be disbursed by the Treasury Department. This Insight addresses the recovery rebates from the perspective of Social Security and Supplemental Security Income (SSI) beneficiaries.

Social Security and SSI

[Social Security](#), or Old Age, Survivors, and Disability Insurance, provides monthly cash benefits to insured retired or disabled workers and their family members and to the family members of insured deceased workers. In [February 2020](#), nearly 64.4 million individuals received Social Security benefits, including 48.5 million retired workers and family members, 9.9 million disabled workers and family members, and 5.9 million survivors of deceased workers.

[SSI](#) is a federal assistance program that provides monthly cash payments to aged, blind, or disabled individuals (including blind or disabled children) who have limited assets and little or no Social Security or other income. In [February 2020](#), almost 8.1 million individuals received SSI payments, including 1.1 million children under 18 years old, 4.6 million individuals aged 18-64, and 2.3 million individuals aged 65 or older.

Social Security beneficiaries with low Social Security benefits may receive a partial SSI payment if they have other income and assets within prescribed limits and meet certain other requirements. In [February 2020](#), one-third of SSI recipients (2.7 million individuals) received both SSI and Social Security benefits.

Recovery Rebates

[Eligible individuals](#) are to receive a recovery rebate of \$1,200 per person (\$2,400 for married joint filers) as an automatically advanced credit against their 2020 federal income tax liability via direct deposit or a

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check by mail. Eligible individuals are to receive an additional \$500 for each eligible child under 17 years old who qualifies for the [child tax credit](#).

The recovery rebate is reduced by \$5 for every \$100 of [adjusted gross income \(AGI\)](#) above \$75,000 for individuals, \$112,500 for heads of households, and \$150,000 for married joint filers. Consequently, the rebate is not payable to individuals (with no eligible children) with AGI above \$99,000 or married joint filers (with no eligible children) with AGI above \$198,000. A married couple with two eligible children is ineligible for the rebate with AGI above \$218,000.

The recovery rebate is to be automatically advanced to households in 2020 based on their 2019 federal income tax return. For households that had not filed a 2019 return, the rebate is to be automatically advanced based on 2018 return information. For eligible individuals who were Social Security or Railroad Retirement beneficiaries and who had incomes low enough to not require a 2019 or 2018 return, a 2019 [Social Security Benefit Statement](#) or [Railroad Retirement Benefit Statement](#) is to be used. The rebate is not subject to federal income tax.

Nonresident aliens, individuals who could be claimed as a dependent by another taxpayer, and estates or trusts are ineligible for the recovery rebate. Taxpayers who do not have a Social Security number for themselves, their spouse (if married filing jointly), and their dependent children also are ineligible (with certain limited exceptions).

Rebates for Social Security Beneficiaries and the Social Security Benefit Statement (SSA-1099)

Some Social Security beneficiaries [are not required to file a federal income tax return](#) because their gross income is less than the standard deduction amount. A [2017 study](#) found that 34% of nonfilers in 2006 were aged 65 or older and 90% of nonfilers aged 65 or older had Social Security income. For these individuals, information from the [2019 Social Security Benefit Statement \(SSA-1099\)](#) is to be used to advance the recovery rebate. Thus, Social Security beneficiaries—retired workers, disabled workers, eligible family members, and survivors—who did not file a federal income tax return for 2018 or 2019 are to receive the rebate, provided they meet the other eligibility requirements. A Social Security beneficiary who is claimed as a dependent on a taxpayer's return is ineligible for the rebate.

All Social Security beneficiaries receive Form SSA-1099, including those who concurrently receive Social Security and SSI benefits. (Form SSA-1099 is [not provided to SSI-only recipients](#).) It shows the total amount of Social Security benefits received in the previous year. Individuals may request a replacement copy of their Form SSA-1099 using their [online my Social Security account](#).

Rebates for Nonfilers, Including SSI Recipients

In general, individuals who did not file a federal income tax return for 2018 or 2019 and who did not receive Form SSA-1099 are ineligible for the recovery rebate in 2020.

Many SSI recipients are [not required to file a federal income tax return](#). SSI payments, as well as payments from analogous social benefit programs (i.e., programs based on need), are not considered gross income for federal tax purposes under a limited [general welfare exclusion](#). A [2017 study](#) found that 11% of nonfilers in 2006 had SSI income, compared with 1% of filers.

SSI recipients who did not file a federal income tax return for 2018 or 2019 and who did not concurrently receive Social Security benefits (i.e., did not receive Form SSA-1099) are not to receive the recovery rebate in 2020. Such individuals are to receive the rebate if they subsequently file a 2019 tax return (the

filing date has been [extended to July 15](#)) or file a 2020 tax return in 2021. An SSI recipient who is claimed as a dependent on a taxpayer's return is ineligible for the rebate.

The Internal Revenue Service is encouraging anyone [who has not filed a federal income tax return for 2018 or a previous year](#) to act now. The CARES Act requires the Treasury Department and the [Social Security Administration](#) to provide information regarding the availability of the recovery rebate, including information for individuals who may not have filed a tax return for 2018 or 2019.

As with any tax refund, the recovery rebate is [not countable as income or resources for a 12-month period](#) in determining eligibility for, or the amount of assistance provided by, any federal program, such as SSI, or any state or local program financed in whole or in part with federal funds.

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