



COVID-19 and Direct Payments to Individuals: Will Social Security and Supplemental Security Income Beneficiaries Receive the Recovery Rebate in the CARES Act?

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act ([P.L. 116-136](#)) 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.

Overview of the Recovery Rebates

[Eligible individuals](#) can 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 check by mail. Eligible individuals can also 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 eligible individuals in 2020 based on their 2019 federal income tax return. For eligible individuals who did not file 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 in 2019 and who were not required to file a federal tax

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return because their incomes were below the filing threshold, the law permits a 2019 [Social Security Benefit Statement](#) or [Railroad Retirement Benefit Statement](#) to be used instead (discussed below).

Nonresident aliens, individuals who could be claimed as a dependent by another taxpayer, and estates or trusts are ineligible for the recovery rebate. Taxpayers must provide a Social Security number (SSN) for themselves, their spouse (if married filing jointly), and any child for whom they claim the \$500 child credit, with some exceptions for adopted children and military families.

The recovery rebate is not subject to federal income tax. As with any tax refund under current law, the rebate is [not treated as income, or as a resource for a 12-month period](#), in determining an individual's eligibility or assistance amount under any federally funded public program.

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

[All Social Security beneficiaries](#)—retired workers, disabled workers, eligible family members, and survivors—are eligible for the recovery rebate unless they are claimed as a dependent on a taxpayer's return or do not meet the other eligibility requirements. (The term *Social Security beneficiaries* includes Social Security Disability Insurance [SSDI] beneficiaries.)

For eligible Social Security beneficiaries who filed a federal income tax return for 2018 or 2019, the rebate is to be automatically advanced to them in 2020 using the information from their last return. For those eligible Social Security beneficiaries who did not file a tax return for 2018 or 2019 and who received Social Security benefits in 2019, the CARES Act permits the Internal Revenue Service (IRS) to use the information from their [2019 Social Security Benefit Statement \(Form SSA-1099\)](#) instead. All Social Security beneficiaries receive Form SSA-1099, including those who concurrently receive Social Security and SSI benefits. It shows the total amount of Social Security benefits received in the previous year.

Some Social Security beneficiaries [are not required to file a federal income tax return](#) because their gross income is less than the filing requirement (generally, 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, the intent of the CARES Act is that the information from their 2019 Form SSA-1099 is to be used to advance the recovery rebate. Eligible Social Security beneficiaries who did not file a 2018 or 2019 tax return and who do not qualify for the 2019 Form SSA-1099 option (e.g., they became entitled to Social Security benefits in 2020) would need to actively file a tax return to receive the rebate.

At this time, it is unclear how exactly the IRS would implement the 2019 Form SSA-1099 option [specified in the CARES Act](#). Form SSA-1099 does not include information on filing status, dependents, or AGI, which as noted earlier, are used to determine eligibility for the rebate as well as the payment amount. As such, using the 2019 Form SSA-1099 option will likely be addressed in forthcoming IRS guidance.

Rebates for SSI Recipients

[All SSI recipients](#) are eligible for the recovery rebate unless they are claimed as a dependent on a taxpayer's return or do not meet the other eligibility requirements. The rebate is not counted as income, or as a resource for a 12-month period, in determining an individual's eligibility for SSI or the amount of the SSI payment.

For eligible SSI recipients who filed a federal income tax return for 2018 or 2019, the rebate is to be automatically advanced to them in 2020. For those eligible SSI recipients who did not file a federal income tax return for 2018 or 2019 and who concurrently received Social Security benefits in 2019, the CARES Act permits the IRS to use the information from their 2019 Form SSA-1099 instead, subject to the uncertainties described above. (Form SSA-1099 is [not provided to SSI-only recipients](#).)

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. Eligible SSI recipients who did not file a tax return for 2018 or 2019 and who do not qualify for the 2019 Form SSA-1099 option (e.g., they did not receive Social Security benefits in 2019) would need to actively file a tax return to receive the rebate.

Guidance and Outreach

The IRS is encouraging anyone [who has not yet filed a tax return for 2018 or 2019](#) to file a simple tax return as soon as possible to receive the rebate. In addition, the CARES Act requires the Treasury Department and the [Social Security Administration](#) to provide information to the public regarding the availability of the recovery rebate, including information for individuals who may not have filed a tax return for 2018 or 2019.

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