

How Would the HEROES Act (H.R. 6800) Modify the Direct Payments Enacted in the CARES Act (P.L. 116-136)?

May 19, 2020

The [Coronavirus Aid, Relief, and Economic Security Act](#) (CARES Act; P.L. 116-136), signed into law on March 27, 2020, included direct payments to individuals—referred to in the law as “2020 recovery rebates.” The Internal Revenue Service (IRS) refers to the payments issued in 2020 as [economic impact payments \(EIPs\)](#), whereas some media reports call them “[stimulus payments](#).” The recovery rebates are tax credits administered by the IRS. For more information on these payments, see CRS Insight IN11282, *COVID-19 and Direct Payments to Individuals: Summary of the 2020 Recovery Rebates/Economic Impact Payments in the CARES Act (P.L. 116-136)*.

The [Health and Economic Recovery Omnibus Emergency Solutions \(HEROES\) Act](#) (H.R. 6800), as passed by the House on [May 15, 2020](#), would modify the direct payments provided in the CARES Act. Additionally, the HEROES Act would create a second round of direct payments. This Insight summarizes the proposed modifications, first describing the current-law treatment and then summarizing the HEROES Act changes. This Insight does not discuss the proposed second round of direct payments. A summary of these new payments can be found in a [companion Insight](#).

The Joint Committee on Taxation (JCT) estimates that the HEROES Act changes to the 2020 recovery rebates would cost [\\$22.7 billion](#). This would add to the total cost of the 2020 recovery rebates, estimated to be [\\$292.4 billion](#) in the CARES Act.

Modifying the Definition of Dependent for the \$500 Amount

Under the CARES Act, eligible individuals can receive an additional \$500 in their direct payment for each child that qualifies for the [child tax credit](#)—generally a taxpayer’s [dependent child that is aged 16 or younger](#). Individuals cannot receive the \$500 amount for [older children and adult dependents](#).

The HEROES Act would expand eligibility for the \$500 amount to include all dependents—including older children and adult dependents. This change would be retroactive to the date of enactment of the CARES Act. The [Tax Policy Center](#) estimates that in 2019 there were almost 98 million dependents: 69.5

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IN11398

million were eligible for the \$500 payments under the CARES Act, while 20.4 million were ineligible because of the definition of dependent used in the CARES Act.

Additional Information

- CRS Insight IN11358, *Older Children, Adult Dependents, and Eligibility for the 2020 Recovery Rebates*.

Modifying Taxpayer Identification Number Requirements

Under the CARES Act, eligible taxpayers must provide a Social Security number (SSN) for themselves, their spouse (if married filing jointly), and any qualifying child in order to receive the direct payment. Adoption taxpayer ID numbers (ATINs) are also acceptable for adopted children. Taxpayers who [provide an individual taxpayer identification number \(ITIN\)](#) on their return for either (1) themselves; (2) if married, their spouse; or (3) any qualifying children will not receive the direct payment. Hence, married couples in which one spouse has an SSN and another has an ITIN will not receive the payments, nor will U.S. citizen children if they have a parent who uses an ITIN. (The law relaxes these ID requirements for married joint filers in which at least one spouse is a member of the Armed Forces. In those cases, only one spouse must provide an SSN.)

The HEROES Act would allow eligible taxpayers who have provided either an SSN or ITIN on their income tax return to receive the direct payment. This change would be retroactive to the date of enactment of the CARES Act. [In 2017](#), 3,892,194 income tax returns were filed that included at least one ITIN (i.e., for the taxpayer, spouse, and/or dependent). On these returns, a total of 7,512,076 ITINs were used. It is not clear how many of these ITIN filers filed a joint return with an SSN holder. These HEROES Act changes would benefit both ITIN holders and any eligible SSN holder with whom they filed a tax return.

Additional Information

- CRS Insight IN11376, *Noncitizens and Eligibility for the 2020 Recovery Rebates*.
- CRS Legal Sidebar LSB10442, *Recovery Rebates and Unemployment Compensation under the CARES Act: Immigration-Related Eligibility Criteria*.

Expanding Protections from Garnishment, Offset, and Levy

[Several federal statutes](#) and [regulations](#) ordinarily authorize the Treasury to [offset](#)—that is, reduce—a taxpayer’s tax refund to satisfy certain debts owed to or collected by governmental agencies, such as tax debts or unemployment compensation debts. Because the direct payments are structured as refundable tax credits, those offset and reduction provisions might have ordinarily allowed the Treasury to intercept some or all of a taxpayer’s payment to satisfy that taxpayer’s outstanding debts. However, with certain exceptions (i.e., for [child support debts](#)), the CARES Act [prohibits](#) the Treasury from invoking these offset authorities to reduce the direct payments. In contrast, the CARES Act does [not](#) exempt the direct payments from [private \(or governmental\) creditors’ claims](#) once the Treasury deposits those funds in the taxpayer’s bank account.

The HEROES Act would prohibit the Treasury from offsetting CARES Act direct payments issued after enactment of the HEROES Act for past-due child support. In addition, the HEROES Act would generally [exempt payments issued after enactment of the HEROES Act from garnishment, levy, attachment](#), and other similar debt collection actions by private or governmental (local, state, and federal) creditors.

Additional Information

- CRS Insight IN11322, *The Child Support Federal Tax Offset of CARES Act Economic Impact Payments*.

Clarification on Payments Issued to Representative Payees and Fiduciaries

In accordance with the CARES Act and subsequent guidance, the Treasury is issuing certain direct payments to federal beneficiaries who did not file a 2019 or 2018 tax return based on information provided by the [Social Security Administration \(SSA\)](#), the Railroad Retirement Board (RRB), or the [Department of Veterans Affairs \(VA\)](#). For some, the direct payment may be issued to their [SSA representative payee](#) (“payee”), [RRB payee](#), or [VA fiduciary](#). However, the CARES Act does not specify the authority or responsibility of payees and fiduciaries to manage these payments on behalf of federal beneficiaries. As of May 14, 2020, SSA has released [guidance pertaining to payees of Social Security and Supplemental Security Income \(SSI\) beneficiaries](#), while RRB and VA have not done so with respect to payees and fiduciaries under their programs.

The HEROES Act would clarify that if a direct payment for a specified Social Security, SSI, Railroad Retirement, or Veterans beneficiary were issued to a payee or fiduciary, it shall be provided to the entitled beneficiary or used only for the benefit of the entitled beneficiary. Payees and fiduciaries who manage the direct payment would be subject to the same enforcement provisions that apply to SSA, RRB, or VA benefits.

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