



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, also known as Economic Impact Payments, 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

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Security or Railroad Retirement beneficiaries in 2019 and who were not required to file a federal tax return because their incomes were below the filing threshold, the law permits the Internal Revenue Service (IRS) to automatically advance the rebate using the information from their 2019 [Social Security Benefit Statement](#) or [Railroad Retirement Benefit Statement](#) (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.

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 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 IRS to automatically advance the rebate using the information from their [2019 Social Security Benefit Statement \(Form SSA-1099\)](#). 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.

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 subsequently file a tax return to receive the rebate.

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.

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. 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 automatically advance the rebate using the information from their 2019 Form SSA-1099. (Form SSA-1099 is [not provided to SSI-only recipients](#).)

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 subsequently file a tax return to receive the rebate.

Guidance and Outreach

[Initially](#), IRS guidance stated that people who do not normally file a tax return “will need to file a simple tax return” to receive the recovery rebate. This language suggested that Social Security beneficiaries who did not file a recent tax return and who received a 2019 Form SSA-1099 would need to subsequently file a tax return to receive the rebate.

After [some lawmakers expressed concern](#) that this approach would disadvantage certain vulnerable groups, the [Treasury Department later announced](#) that it would use the information from the Form SSA-1099 to automatically issue the rebate to Social Security beneficiaries who did not file a tax return for 2018 or 2019. However, IRS will not be able to make payments for dependents (eligible children) at this time based on the Form SSA-1099. [IRS guidance issued on April 1 states](#),

The IRS will use the information on the Form SSA-1099 or Form RRB-1099 to generate Economic Impact Payments to recipients of benefits reflected in the Form SSA-1099 or Form RRB-1099 who are not required to file a tax return and did not file a return for 2018 or 2019. This includes senior citizens, Social Security recipients and railroad retirees who are not otherwise required to file a tax return.

Since the IRS would not have information regarding any dependents for these people, each person would receive \$1,200 per person, without the additional amount for any dependents at this time.

In addition, the CARES Act requires the Treasury Department and the [Social Security Administration \(SSA\)](#) 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. [SSA announced](#) that it would share data on SSI recipients who do not receive a Form SSA-1099 with the Treasury Department “to notify potentially eligible individuals and provide necessary materials to apply for the payment.”

In general, 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 and to include direct deposit banking information on the return.

Author Information

Paul S. Davies
Specialist in Income Security

William R. Morton
Analyst in Income Security

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