



COVID-19: Summary of Direct Payments in the American Workers, Families, and Employers Assistance Act (S. 4318)

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The American Workers, Families, and Employers Assistance Act (S. 4318) introduced on July 27, includes a second round of direct payments to help alleviate the economic effects associated with the Coronavirus Disease 2019 (COVID-19) pandemic. The bill also includes modifications to the first round of direct payments enacted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136). This Insight provides a brief overview of the second round of payments proposed in S. 4318, as well as a comparison to the enacted [CARES Act payments](#) and those proposed in [the Heroes Act \(H.R. 6800\)](#).

Direct Payments

The proposed second round of direct payments would equal \$1,200 per eligible individual (\$2,400 for married individuals filing a joint tax return), plus an additional \$500 per eligible dependent, phased down for higher-income taxpayers. In contrast to the CARES Act payments, which were [effectively limited to dependents under age 17](#), eligible individuals could receive the \$500 amount for *all dependents*. This more expansive definition includes an estimated [20.4 million dependents](#) who are 17 years old and older—including older children, students, and adult dependents.

Like the CARES Act payments, these payments would be nominally structured as a new one-time refundable tax credit for 2020 that would be [automatically advanced](#) so that payments would be received this year, as opposed to 2021 (when 2020 income tax returns will be filed). Hence, the Internal Revenue Service (IRS) would generally issue these payments automatically in 2020 based on 2019 tax return data, or if unavailable, 2018 income tax return data.

As with the CARES Act payments, recipients of [Social Security](#), [Supplemental Security Income \(SSI\)](#), Railroad Retirement, or [certain VA benefits](#) who have not filed a recent federal income tax return would be eligible to receive these payments automatically. Unlike the CARES Act, the bill would also direct the IRS to automatically issue payments to all eligible nonfilers who received benefits from these programs prior to this bill's enactment, not just to those who received benefits in 2019. In addition, the bill would

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expressly authorize the issuance of payments to [representative payees](#) or fiduciaries on behalf of eligible program recipients, as well as clarify that the payments are only for the benefit of such recipients.

Other major differences between these payments and the CARES Act payments are summarized in **Table 1** and include the following:

- **Deceased individuals:** Individuals who died before January 1, 2020, would be ineligible for these payments. This provision would apply to the CARES Act payments.
- **Prisoners:** Certain individuals who are incarcerated (as defined under [42 U.S.C. 402\(x\)\(1\)\(A\)](#)) at the time the payment is processed would be ineligible for these payments in 2020. This provision would apply to the CARES Act payments.
- **Garnishment or levy for past-due debts:** These payments would be generally be protected from certain debt collection actions by certain creditors (such as certain garnishments or levies), including private creditors. These types of actions generally occur *after* payments have been issued. These protections would also apply to certain CARES Act payments.

Table 1. Major Provisions of Direct Payments in S. 4318 Compared to CARES Act Payments and Proposed Heroes Act Payments

	Proposed S. 4318 Payments	CARES Act Payments	Proposed Heroes Act Payments
Payment amount	Same as CARES Act	\$1,200 payments for eligible individuals (\$2,400 for married joint filers).	Same as CARES Act
	Additional \$500 for each dependent (all qualifying children and qualifying relatives).	Additional \$500 for each dependent child under 17 years old (as defined for the child credit).	Additional \$1,200 for each dependent (all qualifying children and qualifying relatives).
Phaseout	Same as CARES Act	Total amount phases out by 5% of adjusted gross income over thresholds: \$75,000 singles \$112,500 head of households \$150,000 married joint filers	Same as CARES Act
Eligibility	Everyone except: <ul style="list-style-type: none"> • Nonresident aliens • Dependents of other taxpayers • Individuals who died before January 1, 2020 • Incarcerated individuals as defined under 42 U.S.C. 402(x)(1)(A)^a 	Everyone except: <ul style="list-style-type: none"> • Nonresident aliens • Dependents of other taxpayers 	Same as CARES Act

	Proposed S. 4318 Payments	CARES Act Payments	Proposed Heroes Act Payments
	Dependents eligible for \$500 amount are those defined for the dependent exemption .	Dependents eligible for \$500 amount are those defined under IRC §24(c) for the child tax credit.	Dependents eligible for \$500 payment are those defined under the dependent exemption .
	Ineligibility for deceased and incarcerated individuals would also apply to the CARES Act payments.		
ID requirement	Same as CARES Act	All eligible individuals and qualifying children must have a work-authorized Social Security Number (SSN) for the household to receive a payment. Households in which at least one otherwise eligible individual does not have an SSN—and instead uses an Individual Taxpayer Identification Number (ITIN)—are ineligible for the payments . (Exception for certain married members of the Armed Forces.)	All eligible individuals and qualifying children must have a SSN or ITIN for the household to receive the payment. ITINs are issued by the Internal Revenue Service (IRS) to taxpayers who are not eligible for an SSN so that they can comply with federal tax law. ITIN users include many noncitizens who are unlawfully present or unauthorized to work in the United States.
		Adoption taxpayer IDs (ATINs) may also be used for adopted children.	Adoption taxpayer IDs (ATINs) could also be used for adopted children.
Offset and Reduction for Past-Due Debts	Same as CARES Act In addition, these payments would be generally exempt from debt collection actions, such as garnishment or levy, that occur once payments are in accounts (i.e., <i>after</i> payments are issued). This garnishment/levy provision would also apply to certain CARES Act payments.	The CARES Act payments cannot be offset (reduced <i>before</i> being issued) to satisfy certain debts owed to governmental agencies, such as tax debts or unemployment compensation debts. These payments <i>can</i> be offset for child support debt.	Same as CARES Act, except these payments <i>cannot</i> be offset for child support debt. In addition, these payments would generally be exempt from debt collection actions, such as garnishment or levy , that occur once payment are in accounts (i.e., <i>after</i> payments are issued).

Sources: CRS analysis of S. 4318 as introduced on July 27, 2020, the Heroes Act (H.R. 6800) and the CARES Act (P.L. 116-136).

Notes: Estates and trusts are ineligible to receive the CARES Act payments, and would also be ineligible under the HEROES Act and S. 4318. The proposed payments would be extended to the territories in a manner similar to CARES Act payments. In addition, like the CARES Act, S. 4318 includes a public awareness campaign and additional appropriations to Treasury and the Social Security Administration to administer these payments.

- a. These individuals would also be ineligible to receive these payments as a tax credit claimed on their 2020 income tax returns if they were considered incarcerated (as defined under [42 U.S.C. 402\(x\)\(1\)\(A\)](#)) for all of 2020.

Author Information

Margot L. Crandall-Hollick
Acting Section Research Manager

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