



# AFSCME Facts

## **New Economic Impact Payments for Individuals January 11, 2021**

The lame duck legislative deal passed by Congress, known as the Consolidated Appropriations Act (CAA), 2021, includes a new round of Economic Impact Payments—direct recovery rebates paid by the federal government to eligible U.S. residents. This fact sheet provides an overview of these new individual recovery payments.

### **Who is eligible for recovery payments?**

All U.S. residents, subject to the income limits described below and who are not a dependent of another taxpayer, are eligible. To qualify, individuals, their spouses and children generally must have a Social Security number, with exceptions for certain members of the military and adopted children.

Unlike for the recovery payments paid in 2020, if married taxpayers file a joint return and one spouse has a valid Social Security number while the other does not, both taxpayers are eligible for payments for themselves. Such a couple also would be eligible for a payment for each qualifying child who has a valid Social Security number.

A payment won't be issued to someone who died before January 1, 2020. If you filed a joint return in 2019 and your spouse died before January 1, 2020, you won't receive a \$600 payment for your deceased spouse, but you'll still be issued up to \$600 for you and \$600 for any qualifying children, if all other eligibility criteria are met.

With regard to eligible individuals who died in 2020, the Recovery Rebate Credit may be claimed on line 30 of their 2020 tax return. Please refer to the instructions for the 2020 Form 1040 for more information.

### **Are retirees eligible?**

Yes, if they are not the dependent of another taxpayer.

### **How much are recovery payments?**

The act provides a \$600 refundable tax credit for individuals (\$1,200 for taxpayers filing jointly). In addition, taxpayers will receive \$600 for each qualifying child. A family of four, for example, would receive \$2,400, up to a certain income threshold. Individuals whose 2019 adjusted gross income was \$75,000 or less and couples whose 2019 adjusted gross income was \$150,000 or less will generally each receive a full payment of \$600 — the same income requirements as the first round of checks issued under the CARES Act.

**At what income levels do payments begin to phase out?**

Like the CARES Act, the payment starts to phase out at adjusted gross income of \$75,000 for single filers, \$112,500 for heads of household, and \$150,000 for taxpayers filing joint returns at the rate of 5% of the taxpayer’s adjusted gross income in excess of the phase-out amount. It phases out entirely at \$87,000 for single taxpayers with no children and \$174,000 for taxpayers filing joint returns with no children. The payment is completely phased out for single filers who earned more than \$99,000 in 2020.

<b>How Taxes are Filed</b>	<b>Payments Begin to Phase out at Incomes Greater Than</b>
Single	\$75,000
Head of Household	\$112,500
Joint	\$150,000

**Examples of Who Will Not Receive a Recovery Payment, by Income Level**

<b>How Taxes are Filed</b>	<b>No Children under 17</b>	<b>1 Child under 17</b>	<b>2 Children under 17</b>	<b>3 Children under 17</b>
Single	\$99,000+			
Head of Household	\$136,500+	\$146,500+	\$156,500+	\$166,500+
Joint	\$198,000+	\$208,000+	\$218,000+	\$228,000+

**What if my income was above the threshold in 2019, but I’ve lost my job due to the coronavirus?**

The IRS is using your 2019 tax return to determine eligibility for this payment. If your income in 2019 was in the phase-out range, you would still receive a partial rebate based on your 2019 tax return. If your income is lower in 2020 than in 2019, any additional credit you are eligible for will be refunded or reduce your tax liability when you file your 2020 tax return.

**Who qualifies as a child?**

Generally, the additional \$600 per child is limited to children who were under age 17 on December 31, 2019. More specifically, this includes a child who has lived with you for more than six months and did not pay for more than 50% of their own support.

**Do I need to apply?**

No. The funds will be sent via direct deposit if you’ve already provided the IRS with your bank account information, such as for the deposit of a tax refund. If you received the CARES Act payment directly into your currently active account, then you’re all set. If the IRS doesn’t have your direct deposit info, you will likely get a check or debit card in the mail.

**When can eligible individuals expect their recovery payments?**

The IRS and U.S. Treasury are already delivering payments. The act does include a January 15 cutoff, however, after which payments will not be sent. Individuals who did not receive a payment will instead be able to claim a recovery rebate credit when they file their 2020 tax returns.