

COVID-19 and Direct Payments to Individuals: Comparison of Recent Proposals for a Second Round of Payments

October 1, 2020

The CARES Act (P.L. 116-136), signed into law on March 27, 2020, included [direct payments to individuals](#). These payments, [most of which have already been issued](#), were equal to \$1,200 per eligible individual (\$2,400 for most married couples), with an additional \$500 per eligible child. The payments phase down for higher-income households. (For more information on the CARES Act payments, see the [CRS resource guide](#).)

The following subsequent legislative proposals would provide a *second round* of payments:

- the [Heroes Act](#) (H.R. 6800), which passed the House on May 15, 2020;
- the [American Workers, Families, and Employers Assistance Act](#) (S. 4318), which was introduced in the Senate on July 27, 2020 (S. 4318 is one component of what has been referred to as the [HEALS Act](#)); and
- the “[revised version](#)” of the [Heroes Act](#) (H.R. 8406), introduced on September 29, 2020. The House may consider the “revised version of the Heroes Act” as a House amendment to the Senate amendment to H.R. 925.

Table 1 provides a summary of the major provisions of these proposed second rounds of payments.

Although these proposals differ, there are several major similarities. First, as with the CARES Act payments, all the proposals for a second round of payments nominally structure them as a new one-time refundable tax credit for 2020 that would be [automatically issued](#) this year, as opposed to 2021 (when taxpayers will file their 2020 income tax returns). The IRS would determine payment amounts based on 2019 tax return data, or if unavailable, 2018 income tax return data. Second, [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. Third, as with any tax credit, these payments [would not count as income or resources](#) for a 12-month period in determining eligibility for, or the amount of assistance provided by, any federally funded public benefit program. Finally, these payments would not be taxable.

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Table I. Major Provisions of Direct Payments in Recent Legislative Proposals

	First Round of Payments in the CARES Act (P.L. 116-136)	Proposed Second Round of Direct Payments		
		Heroes Act (H.R. 6800)	HEALS (S. 4318)	“Revised” Heroes Act (H.R. 8406)
Payment amount	\$1,200 payments for eligible individuals (\$2,400 for married joint filers). Additional \$500 for each dependent child under 17 years old (as defined for the child credit).	Same as CARES Act Additional \$1,200 for each dependent, including older children and adult dependents, up to a maximum of three dependents.	Same as CARES Act Additional \$500 for each dependent, including older children and adult dependents.	Same as CARES Act Additional \$500 for each dependent, including older children and adult dependents.
Phaseout	Total payment amount phases out by 5% of adjusted gross income over thresholds: \$75,000 singles \$112,500 heads of households \$150,000 married joint filers	Same as CARES Act	Same as CARES Act	Same as CARES Act
Eligibility	Everyone except: - Nonresident aliens - Dependents of other taxpayers Dependents eligible for \$500 amount are those defined under IRC §24(c) for the child tax credit.	Same as CARES Act Dependents eligible for \$1,200 payment are those defined for the dependent exemption. In other words, all qualifying children and qualifying relatives.	Everyone except: - 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 Dependents eligible for \$500 amount are those defined for the dependent exemption. In other words, all qualifying children and qualifying relatives.	Same as CARES Act Dependents eligible for \$500 payment are those defined for the dependent exemption. In other words, all qualifying children and qualifying relatives.

ID requirement	All eligible individuals and qualifying children must have a work-authorized Social Security Number (SSN) for the household to receive a payment.^b 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.) ITINs are issued by the Internal Revenue Service (IRS) to taxpayers who are not eligible for a 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.	All eligible individuals and qualifying children must have a SSN or ITIN for the household to receive the payment. ^b	<i>Same as CARES Act</i>	All eligible individuals and qualifying children must have a SSN or ITIN for the household to receive the payment. ^b
Offset and Reduction for Past-Due Debts	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.	<i>Same as CARES Act</i>	Same as CARES Act, except these payments <i>cannot</i> be offset for child support debt.
		In addition, these payments would, with certain exceptions , 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).	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).	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).

Modifications to CARES Act payments	NA	Yes	Yes	No
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Sources: CRS analysis of H.R. 8406 as introduced September 29, 2020, S. 4318 as introduced on July 27, 2020, the Heroes Act (H.R. 6800) as passed by House on May 15, 2020, 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 three proposals. Under all three proposals, the payments would be extended to the U.S. territories in a manner similar to CARES Act 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.
- b. Adoption taxpayer IDs ([ATINs](#)) could also be used for adopted children.

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