

COVID-19 and Direct Payments to Individuals: Comparison of the Second Round of “Stimulus Checks” in P.L. 116-260 to the First Round in the CARES Act (P.L. 116-136)

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At the end of 2020, lawmakers included a [second round](#) of direct payments in the [Consolidated Appropriations Act, 2021](#) (P.L. 116-260). The payments equal \$600 per eligible individual (\$1,200 for most married couples) plus an additional \$600 per eligible child, phasing down for higher-income households. The [first round](#) of direct payments was enacted in the [CARES Act](#) (P.L. 116-136) in March 2020.

As with the first round of direct payments, the second round of payments are structured as a new one-time refundable credit against 2020 income taxes. Generally, these payments are being automatically issued by the Treasury based on 2019 tax data until January 15, 2021. Eligible households who do not automatically receive a second payment (or who receive less than they would based on their 2020 income and family size) are to generally be able to receive the payment (or receive an additional payment) as [a refundable credit when they file their 2020 income tax return](#). These payments are not taxable and do 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.

Table 1 summarizes the second round of payments and compares them to the first round enacted in the CARES Act.

Table 1. Major Provisions of First and Second Round of Direct Payments

| | First Round of Direct Payments (CARES Act P.L. 116-136) | Second Round of Direct Payments (P.L. 116-260) |
|-----------------------|---|---|
| Payment amount | \$1,200 per eligible individual \$2,400 for married joint filers | \$600 per eligible individual \$1,200 for married joint filers |

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| | First Round of Direct Payments (CARES Act P.L. 116-136) | Second Round of Direct Payments (P.L. 116-260) |
|--|---|--|
| | Additional \$500 for each qualifying child (i.e., dependent child under 17 years old as defined for the child credit). | Additional \$600 for each qualifying child (i.e., dependent child under 17 years old as defined for the child credit). |
| 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 | <i>Same as CARES Act</i> |
| Eligibility | Everyone except: ^a <ul style="list-style-type: none"> • Nonresident aliens • Dependents of other taxpayers | Everyone except: ^a <ul style="list-style-type: none"> • Nonresident aliens • Dependents of other taxpayers • Individuals who died before January 1, 2020^b |
| ID requirement | Prior to enactment of P.L. 116-260, <i>all eligible individuals</i> generally had to have a Social Security Number (SSN) for the household to receive a payment. ^c In other words, married couples in which one spouse did not have an SSN—and instead used an Individual Taxpayer Identification Number (ITIN)—were ineligible for the payments (even if their qualifying children had SSNs). 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. P.L. 116-260 modified the ID requirements so that they are the same as for the second round of payments. | Generally all eligible individuals who are unmarried (i.e., file their taxes as single or head of household) must have an SSN for the household to receive a payment (including any amounts for qualifying children). ^c For eligible individuals who are married and who file a joint return, the maximum amount of the credit is determined by the number of spouses with an SSN. Married couples in which only one spouse has an SSN (e.g., the other has an ITIN) are eligible to receive up to \$600 (instead of \$1,200). If no eligible individual has an SSN (i.e., an unmarried taxpayer does not have an SSN or neither spouse of a married couple has an SSN), they cannot receive any payment for themselves or for a qualifying child with an SSN. These ID requirements also apply retroactively to the first round of payments enacted under the CARES Act. |
| Automatic Issuance of Payments to Certain Households Not Required to File a Tax Return (“Eligible Nonfilers”) | For eligible nonfilers who are recipients of Social Security, Supplemental Security Income (SSI) , or certain Department of Veterans Affairs (VA) benefits , Treasury was directed to issue payments generally based on their 2019 annual benefit statements (e.g., SSA-1099 or RRB-1099). ^d Other eligible nonfilers could use an online portal created by the IRS (the “nonfiler portal”) to receive payments in 2020. Otherwise, these individuals can file a 2020 income tax return to receive the payments. | For eligible nonfilers who are recipients of Social Security, SSI, or certain VA benefits, Treasury is directed to issue payments based on information provided by the Social Security Administration (SSA), Railroad Retirement Board, or VA (including but not limited to annual benefit statements). ^d Other eligible nonfilers who had already provided their information on the nonfiler portal for the first round of payments are to receive the payment automatically based on this information. Otherwise, these individuals must file a 2020 income tax return to receive the payments. |

| | First Round of Direct Payments (CARES Act P.L. 116-136) | Second Round of Direct Payments (P.L. 116-260) |
|--|--|---|
| 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. In addition, these payments would generally be exempt from debt collection actions , such as garnishment or levy, which occur after payments are issued. |
| Budgetary Cost | \$292.4 billion FY2020-FY2030 | \$164.1 billion FY2021-FY2030 ^e |

Sources: CRS analysis of P.L. 116-260; the CARES Act (P.L. 116-136); and the Joint Committee on Taxation, [JCS-11R-20](#) and [JCX-24-20](#).

Notes: The second round of payments are extended to the U.S. territories in a manner similar to CARES Act payments.

- Estates and trusts are ineligible to receive the first and second round of payments.
- For married couples in which one spouse died before January 1, 2020, the maximum payment amount is halved (i.e., \$600). No payment will be available to any otherwise eligible qualifying children if an eligible individual (or in the case of a married couple, both spouses) has died before January 1, 2020.
- Households can only receive additional amounts for qualifying children if those children have SSNs or adoption taxpayer IDs ([ATINs](#)).
- If a direct payment for a specified Social Security, SSI, Railroad Retirement, or VA beneficiary is deposited into the account of a representative payee ("payee") or fiduciary, the law explicitly states that it shall be used only for the benefit of the entitled beneficiary. The [payee and fiduciary enforcement provisions apply as under current law](#). This clarification also applies to the first round of payments enacted under the CARES Act.
- Budgetary cost estimates reflect the score for a second round of payments only. P.L. 116-260 includes retroactive modifications to the first round of payments, including modifying the ID requirements to conform to the requirements for the second round of payment. Overall, these changes are estimated to [cost an additional \\$1.6 billion between FY2021-FY2030](#).

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