



COVID-19 FAQs

Direct Relief Payments to Individuals and Families

Q. Who is eligible for a recovery rebate?

A. All U.S. residents or citizens with adjusted gross income under \$75,000 (\$112,500 for head of household and \$150,000 married) who are not the dependent of another taxpayer and have a work-eligible Social Security Number, are eligible for the full \$1,200 (\$2,400 married) rebate. They also are eligible for an additional \$500 per child. A typical middle-class family of four would receive \$3,400 to help them meet their daily expenses.

Q. Are taxpayers with adjusted gross income over \$75,000 (\$112,500 for head of household and \$150,000 married) eligible to receive any rebate?

A. The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding \$99,000; \$146,500 for head of household filers with one child; and \$198,000 for joint filers with no children. For a typical family of four, the amount is completely phased out for those with adjusted gross incomes exceeding \$218,000.

Q. Can I still get a rebate check if my income was above the threshold in 2019, but I've lost my job due to COVID-19?

A. If your income in 2019 was in the phase-out range, you will receive a partial rebate based on your 2019 tax return. However, the rebate is actually an advance on a tax credit that you may claim on your 2020 tax return. If your income is lower in 2020 than in 2019, any additional credit you are eligible for will be refunded or will reduce your tax liability when you file your 2020 tax return next year.

Q. Is the rebate taxable? Will I have to pay back any amount if the rebate based on my 2019 return is larger than what it would be if based on my 2020 tax year return?

A. No, the rebate is treated like other refundable tax credits such as the child tax credit and earned income tax credit and is not considered income. If the credit amount you qualify for based on 2020 income is less than what you qualify for based on your 2019 tax return, then it does not have to be paid back.

Q. Who qualifies as a child for purposes of the rebate?

A. Any child who is a qualifying child for the purposes of the Child Tax Credit also is a qualifying child for the purposes of the recovery rebate. In general, a child is any dependent of a taxpayer under the age of 17.

Q. Do dependents, other than children under 17, qualify as a taxpayer for an additional \$500 per dependent?

A. No, the additional \$500 per child is limited to children under 17.

Q. Are individuals with little to no income or those on means-tested federal benefits, such as SSI (Supplemental Security Income), eligible for a recovery rebate?

A. Yes, there is no qualifying income requirement. Even individuals with \$0 of income are eligible for a rebate so long as they are not the dependent of another taxpayer and have a work-eligible SSN.

Q. Are seniors whose only income is from Social Security or a veteran whose only income is a veterans' disability payment eligible?

A. Yes, as long as they are not the dependent of another taxpayer. The bill also provides IRS with additional tools to locate and provide rebates to low-income seniors who normally do not file a tax return by allowing them to base a rebate on Form SSA-1099, Social Security Benefit Statement or Form RRB-1099, which is the equivalent of the Social Security statement for Railroad Employees. However, seniors are still encouraged to file their 2019 tax return to ensure they receive their recovery rebate as quickly as possible.

Q. Are college students eligible for a recovery rebate?

A. Yes, but only if they are not considered a dependent of their parents. Generally, a full-time college student under the age of 24 is considered a dependent if their parent(s) provide more than half of their support.

Q. I am eligible for a rebate, what do I have to do to receive it?

A. For the vast majority of Americans, no action on their part will be required to receive a rebate check since the IRS will use a taxpayer's 2019 tax return if filed or their 2018 return if they haven't filed their 2019 return. This includes many individuals with very low income who file a tax return despite not owing any tax in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit.

Q. What should I do if I did not file a tax return for 2019 or 2018?

A. The best way to ensure you receive a recovery rebate is to file a 2019 tax return if you have not already done so. This could be accomplished for free online from home using the IRS Free File program. The bill also instructs the IRS to engage in a public campaign to alert all individuals of their eligibility for the rebate and how to receive it if they have not filed either a 2019 or 2018 tax return.

Q. If I have a past due debt to a federal or state agency, or owe back taxes, will my rebate be reduced?

A. No, the bill turns off nearly all administrative offsets that ordinarily may reduce tax refunds for individuals who have past tax debts, or who are behind on other payments to federal or state governments, including student loan payments. The only administrative offset that will be enforced applies to those who have past due child support payments that the states have reported to the Treasury Department.

The information in this section has been prepared by Republican Finance Committee staff for informational purposes and should not be relied on for legal advice. Individuals should consult the IRS or a tax advisor to address questions related to their individual circumstances. The IRS has also compiled these [FAQs](#) for guidance on recovery payments.

Unemployment Insurance

Although Unemployment Insurance is a state-run program, the CARES Act provided additional federal resources for states to assist in providing unemployment benefits.

Q. What does the CARES Act do for unemployment insurance?

A. The Coronavirus Aid, Relief and Economic Security Act (CARES Act) creates a temporary Pandemic Unemployment Assistance Program for individuals not traditionally eligible for unemployment benefits (self-employed, independent contractors, etc.). It also expands eligibility, makes available 13 additional weeks of unemployment for those who need it and increases unemployment benefits by \$600/week for the next four months.

Q. Where do I apply for unemployment benefits?

A. Visit your state government website for information on unemployment insurance, support and more.

U.S. Small Business Administration Loans

Q. What does the CARES Act do for small businesses?

A. The CARES Act allocated \$350 billion to help small businesses keep workers employed amid the pandemic and economic downturn. Known as the **Paycheck Protection Program** under the SBA's 7(a) loan program, the initiative provides 100 percent federally guaranteed loans to small businesses who maintain their payroll during this emergency. These loans may be forgiven based on a formula if borrowers maintain their payrolls during the crisis or restore their payrolls afterward.

Q. Am I eligible for the Paycheck Protection Program?

A. You are eligible if you are a small business with fewer than 500 employees; a small business that otherwise meets the SBA's size standard; a 501(c)(3) with fewer than 500 employees; an individual who operates as a sole proprietor; an individual who operates as an independent contractor; an individual who is self-employed who regularly carries on any trade or business; a Tribal business concern that meets the SBA size standard; or a 501(c)(19) Veterans Organization that meets the SBA size standard.

In addition, some special rules may make you eligible if you are in the accommodation and food services sector (NAICS 72). The 500-employee rule is applied on a per physical location basis or, if you are operating as a franchise or receive financial assistance from an approved Small Business Investment Company, the normal affiliation rules do not apply.

Q. What will lenders be looking for?

A. In evaluating eligibility, lenders are directed to consider whether the borrower was in operation before Feb. 15, 2020, and had employees for whom they paid salaries and payroll taxes or paid independent contractors. Lenders also will ask you for a good faith certification that: the uncertainty of current economic conditions makes the loan request necessary to support ongoing operations; the borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments; borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here; from Feb. 15, 2020, to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here (Note: There is an opportunity to fold emergency loans made between Jan. 31, 2020 and the date this loan program becomes available into a new loan).

If you are an independent contractor, sole proprietor, or self-employed individual, lenders will also be looking for certain documents (final requirements will be announced by the government) such as payroll tax filings, Forms 1099-MISC, and income and expenses from the sole proprietorship.

Q. How much can I borrow?

A. Loans can be up to 2.5 times the borrower's average monthly payroll costs, not to exceed \$10 million. You can calculate your average monthly payroll costs by using this [guide](#).

Q. Will this loan be forgiven?

A. Borrowers are eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan: payroll costs, interest on the mortgage obligation incurred in the ordinary course of business, rent on a leasing agreement, payments on utilities, and for borrowers with tipped employees, additional wages paid to those employees.

To encourage employers to rehire any employees who have already been laid off due to the COVID-19 crisis, borrowers that re-hire workers previously laid off will not be

penalized for having a reduced payroll at the beginning of the period.

The forgiveness can be reduced if there is a reduction in the number of employees or a reduction of greater than 25 percent in wages paid to employees. More information on this formula can be found [here](#).

Q. Does the CARES Act make any changes to the SBA's Economic Injury Disaster Loans (EIDL) program?

A. Yes. While expanding the eligibility of access to the EIDL program, the CARES Act establishes an Emergency Grant that allows an eligible entity who has applied for an EIDL loan due to COVID-19 to request an advance on that loan, of not more than \$10,000, which the SBA must distribute within 3 days. Applicants who received this advance on the loan shall not be required to repay advance payments, even if they are subsequently denied for an EIDL loan.

Q. How else are small businesses assisted in the CARES Act?

A. The CARES Act would also provide additional funds to the SBA's resource partners at Small Business Development Centers, Women's Business Centers, and the Minority Business Development Agency. These partners provide counseling, training and education on SBA resources and business resiliency to small business owners affected by COVID-19.

Visit sba.gov for updates as more information about eligible lenders and additional loan guidance is released.

The information in this section was prepared by the U.S. Chamber of Commerce for informational purposes and should not be relied on for legal advice.

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