



# Coronavirus Relief Payments

*Dear Dr. Per Cap:*

*I'm sweating the COVID-19 stimulus checks that are supposed to be coming soon. What will the amount be and when will they go out?*

*Signed, Needing Money*

Dear Needing

Now that the Coronavirus Aid, Relief, and Economic Security (CARES) Act has passed both houses of congress the bill states that the Treasury secretary will send payments, either by mail or direct deposit, "as rapidly as possible." Gotta love that official language!

But seriously, IRS should begin issuing direct payments to households by mid-April. Hopefully they'll come even sooner but we're talking about the largest government rescue package in U.S. history. Some of the details will take time.

Payments of \$1,200 will go to any adult with a social security number who is not listed as a dependent on someone else's tax return and has an adjusted gross income of less than \$75,000. Married couples earning less than \$150,000 will receive \$2,400. For a single parent claiming head of household, a common filing status in Indian Country, the maximum income for a full \$1,200 payment is \$112,500. In addition to these base payments parents or guardians will receive an extra \$500 for each child under 17.

For folks earning more than the amounts listed above, payments will be reduced by \$5 for every additional \$100 of income. Here's an example. A single person with no children earning \$80,000 will receive a check for \$950 (\$1,200 minus \$250). For single persons earning \$99,000 or more and married couples earning \$198,000 the base payment will phase out completely.

An earlier version of the bill stipulated smaller \$600 payments for low income social security recipients but fortunately, that was dumped in favor of the larger \$1,200 payments.

So how will IRS determine income? The plan is to use 2019 tax returns. But if you haven't yet filed for 2019 they'll use your 2018 return. But remember that the amount of benefits will ultimately be based on this year's 2020 income. Meaning that when you file your 2020 tax return next year IRS will make a final determination on the amount of your relief payment. That's good news for people who might

suffer a steep drop in income this year from a layoff or furlough. Here's an example. Say you're single and earned over \$100,000 in 2019 but in 2020 you're income drops below \$70,000? Well, since you don't qualify for a relief payment now you'll be able to claim one next year in the form of a larger refund or smaller tax payment.

And here's an interesting twist. If by chance you earn more in 2020 and exceed the stimulus income threshold, meaning you ultimately qualify for less relief money than you receive, IRS won't require you to pay it back.

If you don't file a tax return the IRS plans to access social security records to determine your eligibility for a relief payment. So don't sweat it if you earn less than the minimum income required to file. Moreover, payments are not taxable and even people who owe back taxes won't have their relief payments blocked or garnished.

I realize \$1,200 only goes so far but hopefully it's enough to cover some necessities until the economy gets rolling again. Until then good luck and stay healthy!

***Ask Dr. Per Cap*** is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit [www.firstnations.org](http://www.firstnations.org). To send a question to Dr. Per Cap, email [askdrpercap@firstnations.org](mailto:askdrpercap@firstnations.org).