

CARES Act

2020 Recovery Rebates

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CARES ACT

Summary of Relevant Provisions for Advisors and their clients that work with SEI

On March 27, 2020, President Donald Trump signed into law a \$2 trillion stimulus package titled the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The CARES Act is intended to lessen the impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses, by providing various forms of emergency relief. The CARES Act is the third relief package in response to COVID-19 and the largest package in American history. The CARES Act covers a broad range of stimulus measures including:

- tax recovery rebates of up to \$1200 per individual and an additional \$500 per child, subject to limits;
- temporary expansion of unemployment benefits;
- changes to the rules governing employee benefit plans and IRAs, business income, losses and charitable contributions;
- various loan programs and grants for small businesses;
- employment-related tax credits and tax deferrals; and
- loans, grants and other forms of assistance to distressed industries.

This summary focuses on the relevant parts of the CARES Act that we believe are of interest to Advisors and their clients that work with SEI.

2020 RECOVERY REBATES

Am I eligible to receive a recovery rebate?

In order to receive a Recovery Rebate, you must:

- be a U.S. resident;
- not be a dependent of another taxpayer;
- have a work eligible Social Security number;
- have an adjusted gross income (AGI) up to:
 - \$150,000 for married couples filing joint returns
 - \$112,500 for head of household filers and
 - \$75,000 for individuals.

You will receive a **reduced** Recovery Rebate if your AGI is between:

- \$150,000 and \$198,000 for married filing jointly;
- \$112,500 and \$136,500 for head of household; and
- \$75,000 and \$99,000 for single or married filing separately.

For filers with income above those amounts, the payment amount is reduced by \$5 for each \$100 above the \$75,000/\$112,500/\$150,000 thresholds.

Single filers with AGI exceeding \$99,000, head of household filers with AGI exceeding \$136,500 and joint filers with no children with AGI exceeding \$198,000 are not eligible and will not receive payments.

I have not filed my tax return for 2019. Will I still receive a Recovery Rebate?

If you have not filed income tax returns for 2019, the IRS will use your 2018 income tax filings to determine your eligibility for a Recovery Rebate.

I have not filed my tax return for 2018 or 2019. Can I still receive a Recovery Rebate?

Yes. Recovery Rebates will be available throughout the rest of 2020. The IRS is encouraging persons who are required to file returns but who have not yet filed for 2018 or 2019 to file as soon as they can to receive a payment. You may want to consult a tax professional to determine the best plan of action for filing or deferring income taxes.

How much are Recover Rebates?

Recovery Rebates will be up to \$1,200 for individuals and \$2,400 for married couples and up to \$500 for each qualifying child (generally, a child under age 17).

When will my Recovery Rebate arrive?

The IRS will begin sending payments in the coming weeks:

- Payments will be sent automatically for most individuals.
- Payments will also be sent automatically for Social Security recipients who are not typically required to file tax returns.
- Certain individuals will need to submit a simple tax return to receive a Recovery Rebate if they do not typically file tax returns.

Where will the IRS send my Recovery Rebate?

- For most individuals, Recovery Rebates will be sent via direct deposit into the bank account reflected on the filers 2019 or 2018 return.
- For individuals who do not have direct deposit information on file, Treasury Department will coordinate a portal to collect banking information.
- For those without bank information on file, the IRS will send a paper check in the mail.

Will I have to pay taxes on my Recovery Rebate?

No. The Recovery Rebate is an advance on a tax credit that individuals may claim on their 2020 tax returns:

- Any additional Recovery Rebate amount that you are eligible for based on your 2020 AGI will be refunded to you or will reduce your tax liability when you file your 2020 tax return.
- If you would have been eligible for a smaller Recovery Rebate based on your 2020 AGI, you will not be required to pay back the difference.

Independent Advisor Solutions by SEI, a strategic business unit of SEI Investments Company (SEI).

For additional information regarding the CARES Act, please visit <https://www.congress.gov/bill/116th-congress/house-bill/748/text>

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