



## Recovery Rebates in the American Rescue Plan Act of 2021 (House of Representatives Version)

Published on March 4, 2021

<https://budgetmodel.wharton.upenn.edu/estimates/2021/3/4/recovery-rebates-in-the-american-rescue-plan-house>

Summary: The House of Representatives passed the American Rescue Plan Act of 2021,\* a COVID-19 relief bill that includes direct payments (“recovery rebates”) to families. The rebate value is set to \$1,400 per person (including dependents), phasing out over an income range of \$75,000 to \$100,000 for single filers (\$112,500 to \$150,000 for head of household filers and \$150,000 to \$200,000 for married filers). PWBM projects that this provision would cost \$428 billion, with 93 percent of families receiving a payment.

\*<https://www.congress.gov/bill/117th-congress/house-bill/1319/text>

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[Table 1: Distribution of Federal Tax Change under the Proposal](#)



**Table 1: Distribution of Federal Tax Change under the Proposal**

| Income group    | Average benefit | Share with a benefit | Average benefit for those with a benefit |                                    | Share of benefit | Share of federal taxes paid (before tax change) | Share of federal taxes paid (after tax change) |
|-----------------|-----------------|----------------------|--|------------------------------------|------------------|---|--|
|                 |                 |                      | Average benefit                          | Percent change in after-tax income |                  |   |  |
| Bottom quintile | \$1,920         | 100%                 | \$1,920                                  | 40%                                | 22%              | 0%  | -4%  |
| Second quintile | \$2,595         | 100%                 | \$2,595                                  | 10%                                | 22%              | 3%  | 0%   |
| Middle quintile | \$2,685         | 100%                 | \$2,685                                  | 6%                                 | 22%              | 11%   | 9%   |
| Fourth quintile | \$2,960         | 95%                  | \$3,125                                  | 4%                                 | 21%              | 19%   | 19%  |
| 80-90%          | \$3,270         | 86%                  | \$3,825                                  | 3%                                 | 10%              | 15%   | 16%  |
| 90-95%          | \$1,210         | 48%                  | \$2,500                                  | 1%                                 | 2%               | 11%   | 13%  |
| 95-99%          | \$340           | 11%                  | \$3,245                                  | 0%                                 | 0%               | 16%   | 19%  |
| 99-99.9%        | \$0             | 0%                   | \$0                                      | 0%                                 | 0%               | 13%   | 15%  |
| Top 0.1%        | \$0             | 0%                   | \$0                                      | 0%                                 | 0%               | 12%   | 14%  |

Note: "Income" is defined as AGI plus: above-the-line deductions, nontaxable interest income, nontaxable Social Security benefits, nontaxable pensions and annuities, employer-side payroll taxes, and corporate liability. Note that this definition excludes transfer income and thus understates low-income tax units' income.