



Recovery Rebates in the CARES Act

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<https://budgetmodel.wharton.upenn.edu/estimates/2020/3/24/the-cares-act>

Summary: The Coronavirus Aid, Relief and Economic Security (CARES) Act would provide families with emergency “recovery rebates”. The bill would provide individuals with an advance refundable credit worth \$1,200 (\$2,400 for married couples) plus \$500 for qualifying dependent children. These payments would begin to phase out starting at \$75,000 in AGI (\$150,000 for married couples and \$112,500 for heads of household). PWBM projects that the rebates would cost \$272 billion. (Note: this estimate was updated on 3/27/20 to correct a small modeling error.)

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Table 1: Distribution of Federal Tax Change Under The CARES Act

Income group	Average benefit	Share receiving rebate	Percent change in after tax income	Share of benefit	Share of federal taxes paid	
					Under current law	Under the proposal
Bottom quintile	\$1,385	100.0%	46.2%	25.5%	0.1%	-2.4%
Second quintile	\$1,665	100.0%	7.3%	23.5%	2.4%	0.2%
Middle quintile	\$1,765	100.0%	4.1%	24.0%	10.3%	9.0%
Fourth quintile	\$1,910	92.3%	2.5%	22.5%	19.1%	18.8%
80-90%	\$955	67.7%	0.8%	4.6%	15.0%	15.9%
90-95%	\$10	2.5%	0.2%	0.0%	10.9%	12.0%
95-99%	\$0	0.0%	0.0%	0.0%	16.3%	17.9%
99-99.9%	\$0	0.0%	0.0%	0.0%	12.8%	14.0%
Top 0.1%	\$0	0.0%	0.0%	0.0%	13.0%	14.3%

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.