

COVID-19 and Direct Payments: How Do the “Stimulus Check” Phaseouts Differ Between the House-Passed American Rescue Plan and Senate Amendment 891?

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This Insight briefly summarizes how the [proposed third round of payments](#)—often referred to as “[stimulus checks](#)”—would phase out in the House-passed version of the American Rescue Plan Act of 2021 (ARPA; H.R. 1319) and the [Senate amendment to H.R. 1319 \(S.Amdt. 891\)](#) proposed by Senator Schumer on March 4, 2021 (hereinafter “Senate amendment”). A more detailed description of the third round of payments in H.R. 1319, as passed by the House on February 27, 2021, can be found [here](#).

Overview of Maximum Payment Amount

In both the House-passed version of H.R. 1319 and the Senate amendment, households would generally be issued a single payment based on their income and size. Specifically, a household’s maximum payment would equal \$1,400 per eligible individual (\$2,800 for most married couples) plus an additional \$1,400 for each dependent as defined for tax purposes. The definition of dependent would include older children and adult dependents. In most cases, for the purposes of these payments, a *household* would be all the individuals listed on an income tax return.

The payments would be automatically issued to eligible households, generally based on information from 2020 or 2019 income tax returns (i.e., income, number of eligible individuals and dependents, and taxpayer identification numbers). If a payment issued in 2021 based on 2019 tax data would have been *larger based on 2020 tax data*, the IRS would be directed to issue a supplementary top-up payment within 90 days of the 2020 tax filing deadline or September 1, 2021, whichever is earlier.

How would the payments phase out in the House-passed vs. Senate version of the American Rescue Plan Act?

In the House-passed version of H.R. 1319, the maximum payment amount would phase out over a range of income:

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- \$75,000 to \$100,000 if single;
- \$112,500 to \$150,000 if single with dependents (i.e., head of household);
- \$150,000 to \$200,000 for most married couples (i.e., married filing jointly).

The payments would be phased down proportionally (or “ratably”) in relation to income in the phaseout range. For example, if a married couple with two children had \$175,000 of income, which is the midpoint of the phaseout range (50%), the payment would be reduced by 50%, and thus equal \$2,800. If the same family instead had income of \$187,500 (75% of the phaseout range), the payment would be reduced by 75%, and thus equal \$1,400. The larger the payment, all else being equal, the faster the payment would phase down by income.

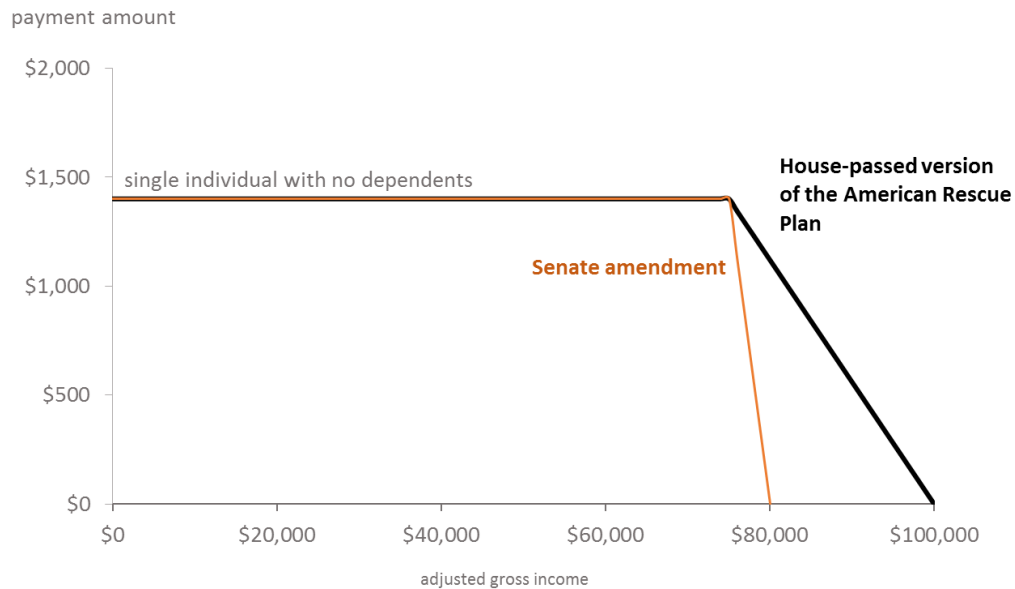
In the Senate amendment, the maximum payment amount would phase out over a narrower range of income:

- \$75,000 to \$80,000 if single;
- \$112,500 to \$120,000 if single with dependents (i.e., head of household);
- \$150,000 to \$160,000 for most married couples (i.e., married filing jointly).

The Senate amendment would also use a “ratable phaseout,” but payments would be phased out more rapidly than under the House-passed version of the American Rescue Plan Act. Given the narrower phaseout range, certain households eligible for the payments under the House-passed version of H.R. 1319 would receive no payment under the Senate amendment. Other households with income in the phaseout range would receive a smaller payment. This is illustrated below for a single individual with no dependents, a single individual with one dependent, and a married couple with two dependents. (Income for the purposes of phasing out these payments is [adjusted gross income or AGI](#).)

Proposed Third Round of Direct Payments for a Single Individual with No Dependents

By Income Level



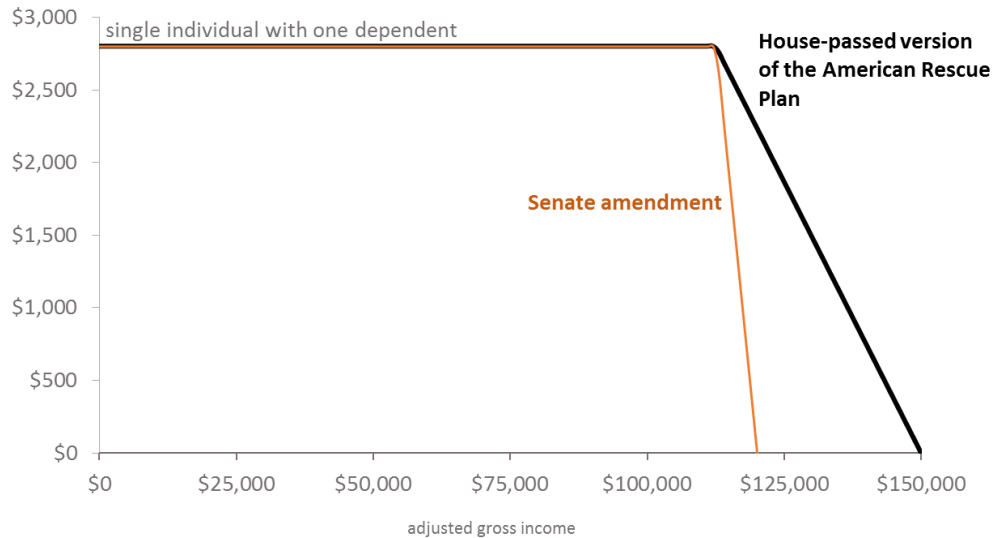
Source: CRS analysis of H.R. 1319, as passed the House on February 27, 2021 and Senate amendment SA891.

Note: This is a stylized example. Single individuals with no dependents are assumed to be single filers.

Under the Senate amendment, single individuals with \$75,000 of income or less would receive the same amount as under the House bill. (For example, in the figure above a single individual with no dependents and income under \$75,000 would receive \$1,400.) Single individuals with income above \$75,000 and less than \$80,000 would still receive a payment, but it would be less than the payment under the House bill (i.e., the orange line is below the black line). Single individuals with income between \$80,000 and \$100,000 would receive no benefit under the Senate amendment, and a reduced benefit under the House bill.

Proposed Third Round of Direct Payments for a Single Individual with One Dependent By Income Level

payment amount



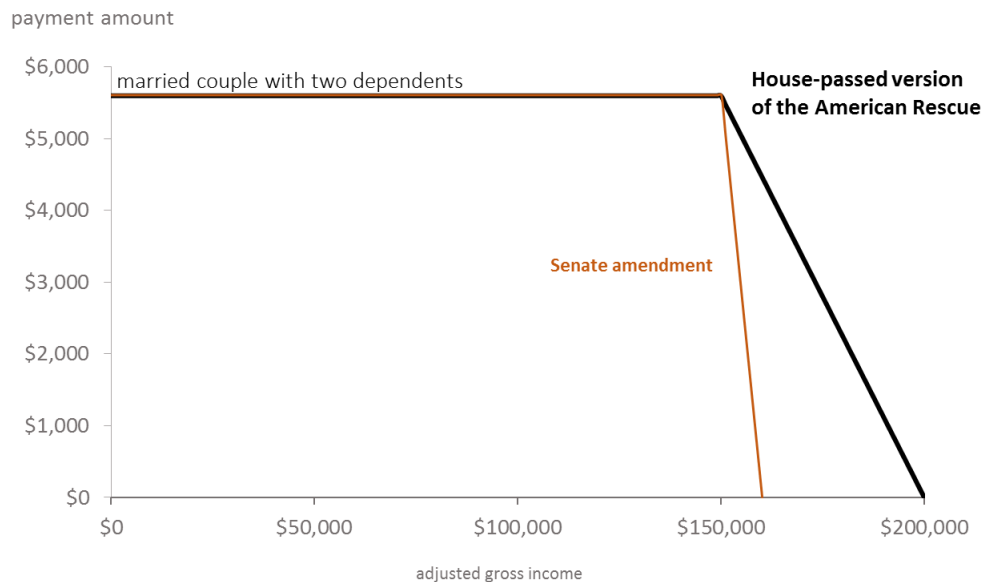
Source: CRS analysis of H.R. 1319, as passed the House on February 27, 2021 and Senate amendment SA891.

Note: This is a stylized example. Single individuals with dependents are assumed to be head of household filers.

Under the Senate amendment, single individuals with dependent(s) (i.e., head of household filers) with \$112,500 of income or less would receive the same amount as under the House bill. (For example, in the figure above a single individual with one dependent and income under \$112,500 would receive \$2,800.) Households with income above \$112,500 and less than \$120,000 would still receive a payment under the Senate amendment, but it would be less than the payment under the House bill (i.e., the orange line is below the black line). Single individuals with dependent(s) with income between \$120,000 and \$150,000 would receive no benefit under the Senate amendment, and a reduced benefit under the House bill.

Proposed Third Round of Direct Payments for a Married Couple with Two Dependents

By Income Level



Source: CRS analysis of H.R. 1319, as passed the House on February 27, 2021 and Senate amendment SA891.

Note: This is a stylized example. Married taxpayers are assumed to be joint filers.

Under the Senate amendment, married couples (i.e., joint filers) with \$150,000 of income or less would receive the same amount as under the House bill. (For example, in the figure above a married couple with two dependents and income under \$150,000 would receive \$5,600.) Married couples with income above \$150,000 and less than \$160,000 would still receive a payment under the Senate amendment, but it would be less than the payment under the House bill (i.e., the orange line is below the black line). Married couples with income between \$160,000 and \$200,000 would receive no benefit under the Senate amendment, and a reduced benefit under the House bill.

Households Affected

While the exact number of households affected by this change in phaseouts is not currently available, existing data may provide a broad sense of the universe of households that *could* be affected. Data from the [first round](#) of direct payments ([Table 1](#)) indicate that about 81% of *all payment recipients* had income under \$75,000—receiving about 75% of all payment dollars from the first round of stimulus checks. (These amounts include low-income households who were not required to file a tax return.) The most recent tax data from 2018 returns ([Table 1.2](#)) indicate that 88% of single filers had income under \$75,000; 95% of head of household filers had income under \$100,000, and 57% of married joint filers had income under \$100,000, while 87% of married joint filers had income under \$200,000.

Author Information

Margot L. Crandall-Hollick
Acting Section Research Manager

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