

Low Income Taxpayer Clinic

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American Rescue Plan Act: Unemployment Income For 2020

- As part of the American Rescue Plant Act, Congress exempts up to \$10,200 for individuals and \$20,400 for married couples of Unemployment Income for 2020.
- The exclusion is phased out above adjusted gross Income above \$150,000 for married couples.
- **REMEMBER: Unemployment Income is taxable and must be reported on your taxes**
 - Indiana Residents who have received unemployment income must report unemployment received on their Income Tax Return using Form 1099-G
 - Unemployment income is reported on Line 7. To calculate the correct amount to report, the IRS instructs taxpayers to use the Unemployment Compensation Exclusion Worksheet
- On March 31, IRS has provided guidance for taxpayers who have already filed their 2020 tax returns and Included their unemployment compensation.
 - IRS has instructed taxpayers **not** to amend their returns.
 - The IRS will recalculate taxpayer's returns and Issue refunds as needed.
- For Indiana Residents, no guidance or legislation has been passed yet to conform with the American Rescue Plan Act of 2021:
 - If you have not filed your taxes, the Indiana Department of Revenue is advising residents to wait until IDOR has provided updated guidance.
 - If you have already filed your 2020 returns, the Indiana Department of Revenue recommends waiting to amend your tax.
- Department of Worker Development Offsets
 - If you have received more unemployment income than you were legally entitled to, the DWD may attempt to collect the overpayment from you
 - If you do not repay the overpayment of unemployment benefits, future Federal and State tax refund may be offset.
 - Federal Refunds will be offset 1-year and 21 days after final determination of overpayment is made.
 - State Refunds will be offset 60 days after a final determination of overpayment is made.
- Questions? Feel free to contact our Low-Income Taxpayer Clinic at taxclinic@ilsi.net