

Illinois Department Of Revenue Issues Automatic Tax Refunds To Thousands Of Unemployment Benefit Recipients

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CHICAGO — Governor Pritzker announced today that the Illinois Department of Revenue (IDOR) has issued automatic refunds to close to 350,000 eligible taxpayers who electronically filed their 2020 Illinois Individual Income Tax Returns prior to a newly enacted federal unemployment tax exemption.

The *American Rescue Plan Act* (ARPA) of 2021 included a retroactive provision making the first \$10,200 per taxpayer (up to \$20,400 married, filing jointly) of unemployment benefits nontaxable for returns with a modified Adjusted Gross Income (AGI) of less than \$150,000. The provision was enacted after tax filing season opened on February 12, 2021.

“Thanks to the leadership of the Biden-Harris administration, hundreds of thousands of Illinois taxpayers who received unemployment benefits in 2020 are receiving additional money at a time when people need it most,” said Governor JB Pritzker. “I’m proud Illinois was one of the few states in the country to automatically adjust these refunds, giving residents faster access to funds as we continue to recover from the economic impact of the COVID-19 pandemic.”

Illinois was the second state to recalculate electronically filed 2020 individual income tax returns and notify taxpayers who filed before March 15, 2021 of the systemic adjustment of their AGI.

“By auto adjusting the refunds, we estimate having saved close to \$1.5 million given the amount of time and the workforce that would have been required to process the thousands of amended returns,” said IDOR Director David Harris. “This does not include the time and cost that taxpayers would have incurred while filing their own amended returns or hiring a professional.”

By the end of July, IDOR plans to notify an estimated 3,300 taxpayers who filed paper tax returns prior to the implementation of the federal unemployment exclusion of the need to file amended returns to qualify for any possible refunds.

For taxpayers who filed electronically on or after March 15 and included the unemployment exclusion on their federal and state individual income tax returns, no additional filing changes were required. Taxpayers who filed electronically on or after March 15 but did not include the unemployment exclusion when calculating their AGI were required to file an amended return to adjust their AGI.

Illinois tax filers who claim the Illinois Earned Income Credit (EIC) may also be eligible for additional refunds due to the newly enacted federal unemployment compensation tax

exemption. IDOR estimates any additional refunds because of an increase to EIC will be issued late in 2021 once federal Earned Income Tax Credit data is provided to the state by the federal Internal Revenue Service.

Additional information from the IRS may be found in their article [New Exclusion of up to \\$10,200 of Unemployment Compensation](#). For Illinois specific information on unemployment compensation, including different filing scenarios, visit IDOR's website tax.illinois.gov.