What is the American Rescue Plan?

The American Rescue Plan Act (ARPA) of 2021 is a plan designed to change the course of the pandemic and build a bridge towards economic recovery.

What does ARPA have to do with Illinois tax returns?

The plan included a retroactive provision making the first \$10,200 per taxpayer (up to \$20,400 married, filing jointly) of unemployment benefits nontaxable for returns. Because the provision was enacted after the tax filing season had opened, the Illinois Department of Revenue (IDOR) has begun recalculating electronically filed 2020 individual income tax returns and will issue refunds to qualified taxpayers who filed before March 15, 2021.

Who is eligible?

Any Illinois taxpayers filing a return with a modified Annual Gross Income (AGI) less than \$150,000 who received unemployment benefits in 2020 may be eligible for an additional refund.





Illinois Department of Revenue - Implementation Timeline

February December March May 2021 June 2021 2021 2021 2021



Approximately 2.4M Individual Illinois tax returns are filed with IDOR through March 14, 2021.



The American Rescue Plan Act of 2021 is enacted on March 11, 2021.

their AGI.



Taxpavers who filed electronically on or after March 15 and did not include the unemployment exclusion must file an amended return to adjust

IDOR will **not** send correspondence or systemically change the AGI. Taxpayers can visit IDOR's website for more information on how to properly exclude unemployment income and re-compute their AGI.

IDOR begins adjusting approximately 376,000 returns which were filed electronically before March 15. A letter will be sent to notify taxpavers of the systematic adjustment to their return AGI and the amount of refund they will be issued, if any.

IDOR begins sending letters to approximately 3,300 taxpayers who filed a paper return before March 15 and reported a 1099-G on IL-1040, Schedule IL-WIT.

The letter informs the taxpaver they must file an amended return in order to exclude any unemployment income from their AGI.



Refund checks will arrive in the mail approximately two to three weeks after the taxpayer receives IDOR's adjustment letter.



IDOR begins adjusting EIC on returns eligible for an increased credit once federal Earned Income Tax Credit data is provided to the state by the IRS.



What is EIC?

The Earned Income Credit (EIC) is a refundable tax credit for low and moderate income workers. Some Illinois filers may be eligible for an additional refund if the unemployment adjustment to their return qualifies them for a higher amount of EIC credit.