



Illinois Department of Revenue

Claiming the New Federal Exclusion of up to \$10,200 of Unemployment Compensation on Form IL-1040, Illinois Individual Income Tax Return

The federally enacted American Rescue Plan Act of 2021 includes a retroactive provision making the first \$10,200 per taxpayer of 2020 unemployment benefits nontaxable for individuals with a Modified Adjusted Gross Income of less than \$150,000. For more information see [New Exclusion of up to \\$10,200 of Unemployment Compensation](#).

Note: Railroad Unemployment and sick pay are not taxed by Illinois. If any amount of your Unemployment Exclusion includes railroad unemployment, do not include this amount on Schedule M, Line 37. See [Schedule M Instructions](#).

➤ If you have already filed your Illinois return and qualify for the Federal Unemployment Income Exclusion:

- **If you filed your return electronically before March 15, 2021**, you do not need to do anything. The Illinois Department of Revenue is planning to automatically update your Adjusted Gross Income (AGI). We will begin the systematic update process in the next month. Once your return has been adjusted, you will receive a letter from the Illinois Department of Revenue (IDOR) explaining the update and if you are entitled to a refund, a paper check will be mailed to the address on file. If you disagree with the changes, you may respond to the letter.

Note: Amending your return could delay your payment.

- **If you filed your return by paper or filed electronically after March 14, 2021, and did not report the unemployment exclusion on your federal return**, you will need to file an amended return using Form IL-1040-X and include a pro forma federal Form 1040 and Schedule 1 showing the re-computation of your AGI. Please see the IRS website for more information on how to properly exclude unemployment income and re-compute your AGI. Write "Unemployment Exclusion" across the top of Form IL-1040-X.

➤ If you have not filed your Illinois return but have already filed your federal return prior to the passage of the Act, and you qualify for the Federal Unemployment Income Exclusion:

- Please recompute your federal Adjusted Gross Income (AGI) with your federal unemployment exclusion, following the [federal instructions](#), and use that as the starting point for your IL-1040. Submit your IL-1040 with your updated amounts.

➤ If you have not filed your federal return or Illinois return and qualify for the Federal Unemployment Exclusion:

- For full-year Illinois residents receiving unemployment compensation from Illinois:
No additional filing changes are required. The federal unemployment exclusion is already included in the federal calculation of your adjusted gross income.
- For residents of Illinois earning unemployment income from another state, part-year residents earning Illinois unemployment income or unemployment income from another state while an Illinois resident, and non-residents of Illinois earning Illinois unemployment income.
Specific instructions for completing the Schedule CR and Schedule NR are available on the [individual income tax forms webpage](#).