

# **ERBFINANCIAL**

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## **Notice concerning NY State Unemployment Compensation**

March 8, 2021

The \$1.9 trillion coronavirus relief package that is working its way to the President's desk includes a provision that **makes the first \$10,200 in unemployment benefits tax-free in 2020** for households making less than \$150,000 per year.

If this provision remains in the package and is signed into law, you may be entitled to a reduction in tax on your 2020 tax return.

**We are advising people who have not yet filed their tax returns to wait until this issue is resolved.**

In addition to the possibility of this change to your federal tax return, if this bill is signed into law, NY State will have to decide if it is also going along with this change, or if it will 'decouple' from the federal law.

We do not know how long it will take for all of this to pan out. Even if it is decided relatively soon, our software and the IRS software would have to be modified to accommodate this change.

If this bill becomes law and your return is e-filed before the change is made you may be required to file an amended tax return to realize the benefit. There is also the possibility that the IRS would automatically adjust returns that have been filed and refund what should have been credited to you. We just do not know at this time.