



## Update on the Federal Unemployment Benefits Deduction for Taxpayers Who Filed Prior to the Enactment of the American Rescue Plan Act

On April 6, 2021, the Department of Taxation issued the tax alert "[Ohio Income Tax Update: Changes in how Unemployment Benefits are taxed for Tax Year 2020](#)". This tax alert provided guidance related to the federal deduction for certain unemployment benefits.

For taxpayers who filed federal and Ohio tax returns without the unemployment benefits deduction and are now waiting for the IRS to issue a refund based on the deduction, the Department said it would issue additional guidance when more details were available from the IRS. Recently, the IRS has issued additional guidance related to this topic.

Accordingly, the Department would like to issue the following guidance to taxpayers who filed federal and Ohio tax returns without the unemployment benefits deduction and are now waiting for the IRS to issue a refund. After the IRS makes the adjustment, the taxpayer **must do all** of the following:

1. File an **amended Ohio IT 1040** (and an amended SD 100 for those who reside in a traditional tax base school district) to report your new federal adjusted gross income (AGI);
2. Include a copy of your **IRS Tax Account Transcript** showing your new federal AGI, which are available at [irs.gov/individuals/get-transcript](https://irs.gov/individuals/get-transcript) or by calling 800-908-9946; AND
3. Complete the Ohio **Reasons and Explanation of Corrections** (Ohio form IT RE or SD RE).

When completing the "Reasons and Explanation of Corrections" form, check the "Federal adjusted gross income decreased" box and list "Federal unemployment deduction refund" in the "Detailed explanation" section.

Please note, if you are required to file an amended return with the IRS related to your unemployment benefits (for example, to claim a credit you are now entitled to based on a reduced federal adjusted gross income), you **must** wait to file your amended Ohio IT 1040 (and amended SD 100, if applicable) until after your federal amended return has been accepted by the IRS.

If you have additional questions or need assistance, please visit [tax.ohio.gov/emailus](mailto:tax.ohio.gov/emailus) to email us or call 1-800-282-1780 (1-800-750-0750 for persons who use text telephones (TTYs) or adaptive telephone equipment), to speak with a taxpayer services representative.