

Subject Unemployment insurance benefits subtraction for tax year 2021

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Summary

The bill establishes a temporary individual income tax subtraction for up to \$10,200 of unemployment compensation. For married taxpayers filing a joint return, the subtraction is limited to \$10,200 in unemployment compensation received by each spouse.

The subtraction is subject to an income-based phaseout beginning at \$150,000 of adjusted gross income (AGI) for married taxpayers filing a joint return, and \$75,000 of AGI for all other filers. The subtraction would be fully phased out at the following amounts of adjusted gross income:

- Married taxpayers filing joint returns, two spouses receiving benefits: **\$558,000**
- Married taxpayers filing joint returns, one spouse receiving benefits: **\$354,000**
- Single, head of household, married taxpayers filing separate returns: **\$279,000**

The bill is effective retroactively for tax year 2021 only.