


MEMORANDUM

TO: OUR CLIENTS AND PROFESSIONAL COLLEAGUES

FROM: EUGENE GORRIN, ESQ. 

RE: AMERICAN RESCUE PLAN ACT – EXTENSION OF ADDITIONAL
UNEMPLOYMENT COMPENSATION AND EXCLUSION FROM INCOME

DATE: MARCH 12, 2021

As a result of the ongoing COVID-19 pandemic, millions of Americans have filed claims for unemployment benefits in 2020 and 2021. Recently, Congress passed the American Rescue Plan Act (“ARPA”), a \$1.9 trillion rescue package that provides important tax-related relief to unemployed taxpayers.

ARPA extends two COVID-19 related unemployment insurance programs: the Pandemic Unemployment Assistance program (for self-employed individuals, independent contractors, gig workers, and part-time employees who generally do not qualify for state-level unemployment assistance), and the Federal Pandemic Unemployment Compensation program. The result of these extensions is that unemployed individuals will receive, or will continue receiving, \$300 per week of unemployment insurance payments. These payments, which were scheduled to expire on March 14, 2021, will continue until September 6, 2021, and are in addition to any state unemployment benefits for which an individual may qualify.

THE LAW OFFICE OF
EUGENE GORRIN, LLC

In addition, if you received unemployment compensation in 2020, ARPA provides a limited exclusion from income for some of that unemployment compensation. Generally, unemployment income is taxable. However, under the new law, up to \$10,200 (or \$20,400 in the case of a joint return where each spouse receives unemployment compensation) of unemployment compensation received in 2020 may be excludible from income. This exclusion applies only to the extent your adjusted gross income is less than \$150,000. The adjusted gross income threshold applies to each individual in determining how much of that individual's unemployment compensation is excludible from income.

If you have any questions about the unemployment compensation extension or the exclusion from income for 2020 unemployment benefits, please contact us.