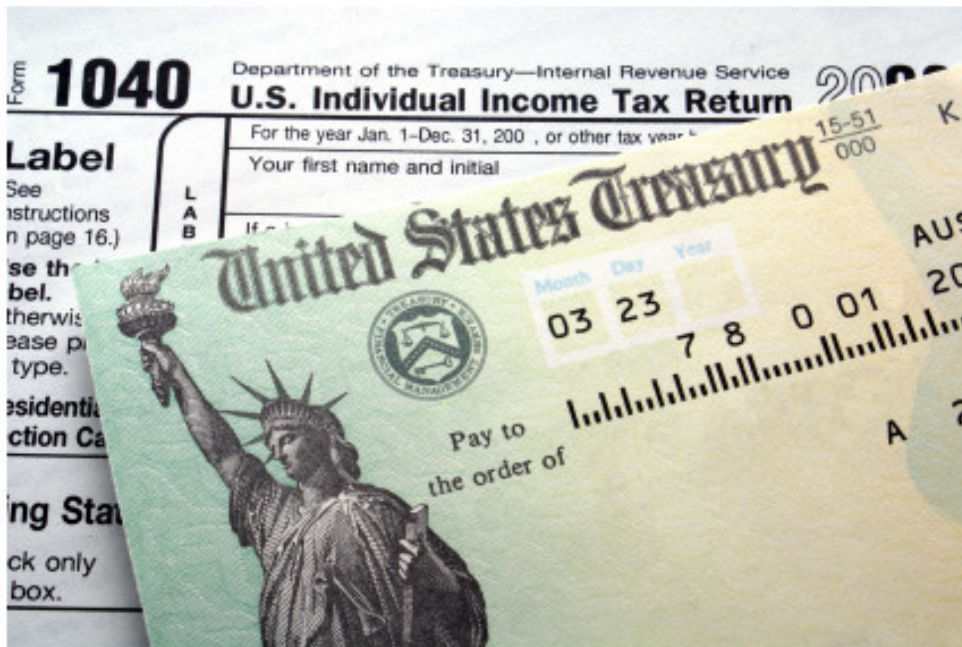


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The Internal Revenue Service will issue another round of refunds this week to nearly 4 million taxpayers who overpaid their taxes on unemployment compensation received last year.

The American Rescue Plan Act of 2021, which became law in March, excluded up to \$10,200 in 2020 unemployment compensation from taxable income calculations. The exclusion applied to individuals and married couples whose modified adjusted gross income was less than \$150,000.

Refunds by direct deposit will begin July 14 and refunds by paper check will begin July 16. The IRS previously issued refunds related to unemployment compensation exclusion in May and June, and it will continue to issue refunds throughout the summer.

To ease the burden on taxpayers, the IRS has been reviewing the Forms 1040 and

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Most taxpayers need not take any action and there is no need to call the IRS.

However, if, as a result of the excluded unemployment compensation, taxpayers are now eligible for deductions or credits not claimed on the original return, they should file a Form 1040-X, Amended U.S. Individual Income Tax Return.

Taxpayers should file an amended return if they:

- did not submit a Schedule 8812 with the original return to claim the Additional Child Tax Credit and are now eligible for the credit after the unemployment compensation exclusion;
- did not submit a Schedule EIC with the original return to claim the Earned Income Tax Credit (with qualifying dependents) and are now eligible for the credit after the unemployment compensation exclusion;
- are now eligible for any other credits and/or deductions not mentioned below. Make sure to include any required forms or schedules.

Taxpayers do not need to file an amended return if they:

- already filed a tax return and did not claim the unemployment exclusion; the IRS will determine the correct taxable amount of unemployment compensation and tax;
- have an adjustment, because of the exclusion, that will result in an increase in any non-refundable or refundable credits reported on the original return;
- did not claim the following credits on their tax return but are now eligible when the unemployment exclusion is applied: Recovery Rebate Credit, Earned Income Credit with no qualifying dependents or the Advance Premium Tax Credit. The IRS will calculate the credit and include it in any overpayment;
- filed a married filing joint return, live in a community property state, and entered a smaller exclusion amount than entitled on Schedule 1, line 8.

Taxpayers will generally receive letters from the IRS within 30 days of the

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