



COLORADO

Governor Jared Polis

Dear Fellow Coloradan,

It's tough to lose a job, and I'm writing to you today because I know you went through losing a job in 2020. But thankfully, I have some good news. Thanks to the American Rescue Plan Act, you no longer need to pay federal income tax on the first \$10,200 (per individual) from unemployment insurance benefits you claimed in 2020! We have also extended the deadline to file your state and federal taxes until May 17th.

Many of you have already filed and paid, and I am writing to make sure you know that you will be getting back the money you paid in federal taxes from the first \$10,200 of your UI income. For most of you, that will be hundreds of dollars, even over a thousand for some, that you will get back!

Today, the Colorado Department of Revenue commented on the [IRS announcement](#) that they are taking steps to automatically refund money to taxpayers who filed their tax return reporting unemployment compensation before the recent changes made by the American Rescue Plan Act.

This will greatly simplify the process for those who have already filed federal returns and help provide relief to Coloradans who have been hardest hit by this pandemic. As we recover, we want to do everything we can to ensure that we are supporting those most in need, and we want all Coloradans to be able to take advantage of every opportunity available to them during these difficult times.

Colorado's income tax statutes do not allow for retroactive federal changes that are enacted after the last day of a taxable year. As a result, the American Rescue Plan Act will not impact state income tax returns for the year 2020, including the taxation of unemployment compensation, so there is no impact to your state returns although we are looking at other creative ways to help.

Colorado taxpayers who are still preparing to file their 2020 **state** tax return are still required to add back the amount of unemployment compensation excluded from their federal taxable income in accordance with the American Rescue Plan Act. This amount should be added to line 6 (other additions) of their Colorado Individual Income Tax Return, along with any other addbacks required by law. In the explanation field, enter "Unemployment Compensation." Refer to pages 5 and 6 of the instructions in the Colorado Individual Income Tax Filing Booklet (DR 0104 Book) for details on other additions. This booklet and other income tax forms are available on the website at [Tax.Colorado.gov/Individual-Income-Tax-Forms](https://tax.colorado.gov/Individual-Income-Tax-Forms).

Taxpayers with questions can call the tax information hotline at 303-238-SERV (7378) Monday through Friday from 8:00 a.m. to 4:30 p.m.

For questions regarding 1099-Gs issued for unemployment benefits, please visit [ColoradoUI.gov](https://coloradoUI.gov) and click on the 1099-G banner image.

Please visit [TAX.colorado.gov](https://tax.colorado.gov) for more information.

Sincerely,

Jared Polis
Governor

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