



Tax Year 2020

Oregon Individual Income Tax Returns Impacts of IRS Due Date Extension and the American Rescue Plan Act

Extension of Deadline to File Income Taxes

On Wednesday, March 17, the Treasury Department and Internal Revenue Service announced that the federal income tax filing due date, and payments due, for individuals for the 2020 tax year would be extended from April 15, 2021 to May 17, 2021. However, the extension does not apply to federal estimated tax payments due on April 15, 2021.

Upon receiving notice of the extension of the federal filing deadline, the Department of Revenue began the process of implementing a similar extension for Oregon individual income tax filing date and payments. The IRS will provide more formal guidance regarding the extension and Revenue Director Betsy Imholt will issue an Order to be filed with the Secretary of State for the state extension of the deadline.

The department has already started updating forms and instructions and its processing systems to adapt to the extended due date of May 17, 2021. We have communicated with tax software partners and the tax professional community to alert them of this change. This marks the second straight year that Oregon has changed its filing date for individuals to match the federal extended due date.

American Rescue Plan Act of 2021

On Thursday, March 11, the American Rescue Plan Act of 2021 was signed into law. A provision of the Act, which Oregon is tied to, allows individual taxpayers to exclude up to \$10,200 of taxable unemployment compensation from being taxed. The exclusion became effective mid-filing season after Oregon taxpayers began filing returns for the 2020 tax year.

On Friday, March 12, the Department of Revenue issued a media release urging affected taxpayers who have already filed, or who have yet to file, to wait for further instructions from the IRS and the department before taking action.

On Friday, March 19, preliminary guidance from the IRS indicated that affected taxpayers will receive an automatic refund associated with the exclusion, however official guidance is still pending. In the meantime, the department is continuing to evaluate options that will get accurate refunds into the hands of affected taxpayers as soon as possible. The department has identified almost 180,000 already-filed returns that report unemployment benefits and are eligible for some amount of tax exclusion.

Department of Revenue Implementation Goals

As the department works to assess and address the various complexities of the 2020 tax year, we are also considering solutions that will be easy for taxpayers. Solutions may allow taxpayers to choose whether to amend a tax return on their own, or they may wait for the department to do that work for them.

The department will continue to pivot and communicate with taxpayers as quickly, and in as many ways, as possible about the 2020 tax year and what they can expect from the department.

The department continues to monitor legislative conversations surrounding the possible refund or stimulus payment to affected taxpayers whose federal stimulus payments (Economic Impact Payments) impacted federal tax calculations used on their Oregon income tax returns. If there is legislative directive on this topic, then that will add an additional layer of complexity to the 2020 tax year for individual taxpayers.

Additional information and resources are available at www.oregon.gov/dor

Data for Oregon Income Tax Filing as of March 19, 2021

| Form | All Filers | Claiming unemployment benefits | Claiming unemployment benefits and AGI < \$150K | | |
|--------------|------------|--------------------------------|---|---------|--|
| | | | All | E-filed | Potentially claimed the exclusion based on returns filed since March 15 and the amount in other income |
| Full-year | 809,720 | 158,790 | 153,392 | 150,574 | 2,900 |
| Part Year | 42,358 | 8,698 | 8,476 | 8,406 | 136 |
| Nonresident | 69,450 | 16,808 | 15,765 | 15,445 | 330 |
| Total | 921,528 | 184,296 | 177,633 | 174,425 | 3,366 |

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