



Indiana Department of Revenue

American Rescue Plan Act 2021 Guidance

On March 11, 2021, President Biden signed into law the American Rescue Plan Act, 2021 (Rescue Plan). DOR is analyzing the impact of the new law in conjunction with Holcomb Administration and General Assembly leaders and will provide updated guidance over the coming weeks.

Indiana is a static conformity state, meaning it conforms to the Internal Revenue Code (IRC) as of a specific date. Indiana is currently conformed to the IRC as it existed on 1/1/2020. As such, none of the changes to IRC contained in the CARES Act, the Consolidated Appropriations Act, 2021 (Consolidated Act) or the newly signed Rescue Plan would automatically flow through to Indiana.

Income Tax [Information Bulletin 119](#) was recently published by DOR to serve as a guide to the major federal laws to which Indiana has not yet coupled, or from which Indiana has specifically decoupled. ITIB 119 was compiled prior to the passage of the Rescue Plan but will be updated shortly to include the major impactful provisions contained in the Rescue Plan.

As the Indiana General Assembly is currently in session, there is a legislative proposal currently pending that would update Indiana's IRC conformity date. It is found in Indiana's biennial budget bill – House Bill 1001. HB 1001 currently proposes to update conformity to 1/1/2021 and would capture the changes to IRC made by the CARES Act and the Consolidated Act, but not the Rescue Plan.

DOR is in discussions with members of the General Assembly as to the changes to IRC contained in the Rescue Plan and what would be impacted if the conformity date was updated to include the Rescue Plan in contrast to what would be excluded if it was not.

We will continue to update our guidance as more is known. Interested parties can also watch the progression of HB 1001 through the legislative process. Session must adjourn *sine die* on or before April 29th so a final status will certainly be known at that time.

One question that has been asked frequently since the passage of the Rescue Plan is in regard to the creation of a federal exclusion from income for the first \$10,200 of unemployment payments received during 2020, subject to certain qualifying criteria. As Indiana does not currently conform to the Internal Revenue Code as of a date that would include the Rescue Plan, that income exclusion does not currently apply in Indiana.

Therefore, as of this time, it would need to be added back when filing the Indiana return. That, of course, could change depending on the actions of the General Assembly during the remainder of legislative session.



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Because the Indiana General Assembly is currently discussing how to react to these recent federal changes, we would suggest the following:

- **If you have already filed,** we would encourage you to wait pending the outcome of the legislative session to see what the Indiana General Assembly does in regards to conforming with the changes in the Rescue Plan.
- **If you have not yet filed,** we would also encourage you to wait pending the outcome of the legislative session to see what the Indiana General Assembly does in regards to conforming with the changes in the Rescue Plan. As session potentially continues until April 29th – after the April 15th filing deadline – you may need to consider filing an extension of time to file.
 - **NOTE:** If you are filing an extension, you must still have paid at least 90% of your tax liability for 2020 to avoid incurring additional penalties and interest for underpaying your tax liability as of the due date.