

DELAWARE DIVISION OF REVENUE
TECHNICAL INFORMATION MEMORANDUM 2021-1
January 28, 2021

**SUBJECT: EXEMPTION OF 2020 UNEMPLOYMENT COMPENSATION
FROM STATE INCOME TAXATION**

FOR INFORMATION, CONTACT:

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Under federal law, unemployment compensation received by individuals is taxable. Because Delaware follows federal law, unemployment compensation is generally included in taxable income in Delaware and is generally subject to income tax on the amounts received.

Delaware's General Assembly has recently passed a law that will exempt unemployment benefits received in 2020 from income taxation in Delaware. The Division of Revenue is issuing this TIM to provide guidance to taxpayers about how to exclude unemployment benefits from income on their 2020 income tax return.

For Delaware resident taxpayers, the amount of unemployment compensation included in your federal adjusted gross income (AGI) should be included on line 36 of form 200-01. This will reduce your Delaware adjusted gross income by that amount.

For Delaware non-resident taxpayers, the amount of unemployment compensation included in your federal adjusted gross income (AGI) should be included on line 25, column 1, of form 200-02. This will reduce your Delaware adjusted gross income by that amount. If it is Delaware source income (i.e., paid by the Delaware Department of Labor), it should be included on line 25, column 2, of form 200-02. This will reduce your Delaware source income by that amount. If you have received unemployment benefits from Delaware and other states, the total unemployment compensation received may be included on line 25, column 1, but only the Delaware unemployment compensation may be included on line 25, column 2.

If you have any questions about this change, please contact the Delaware Division of Revenue at the number or email set forth above.

Jennifer R. Noel
Director of Revenue