



Michael Preston
SECRETARY OF COMMERCE
Charisse Childers, Ph.D.
DIRECTOR,
DIVISION OF WORKFORCE SERVICES

Unemployment Benefits Exempt from State Income Tax for Tax Years 2020 & 2021

Act 154 of 2021 exempts certain unemployment compensation benefits from state income tax ([view full text of the law here](#)).

The Arkansas Division of Workforce Services (DWS) cannot give tax advice to individuals. Please contact the Department of Finance and Administration for further information on filing your state income tax return.

The Arkansas Division of Finance and Administration has provided the following additional information:

Act 154 has been signed into law by Governor Asa Hutchinson. This act provides tax relief to Arkansans that received or will receive unemployment by making unemployment benefits exempt from tax for tax years 2020 and 2021.

The Arkansas tax return includes a line for taxpayers to report the amount of unemployment they received on their Arkansas return, but this amount will not be included as taxable income. Please attach the 1099G as well.

For taxpayers who have already filed their Arkansas state individual income tax return, DFA will be making system changes that will exclude unemployment from taxes and refund any excess taxes paid. The taxpayer also has the option to file an amended return.

All inquiries can be directed to a Department of Finance and Administration Service Representative at 501-682-1100 or 800-882-9275.