

Tax Exemption for Unemployment Benefits in 2009

Under the American Recovery and Reinvestment Act (ARRA), the first \$2,400 of unemployment benefits an individual receives in 2009 are tax free. This provision applies only to benefits received in 2009: Normally, unemployment benefits are taxable.

Individuals who receive unemployment benefits this year should [their withholding](#) to ensure they are not having unnecessary tax withheld. [News Release 2009-29](#) has more detail on this provision.