

Projected State and Local Income Tax Refund Worksheet For 2021

This amount will carry to next year's screen 3.

(Keep for your records)

2020

Name(s) as shown on return

Tax ID Number

Caution: The Tax Cut and Jobs Act (TCJA) implemented changes that affect the standard deductions and the taxable state refund calculations provided on this worksheet. These calculations cannot be confirmed until the IRS releases guidance for tax year 2019. Be certain to verify any amounts flowing from this worksheet to returns in tax year 2019.

Worksheet 1 - 2020 Schedule A as filed

- 1a. Enter the total amount from Schedule A, line 5a. If Wks SALT was produced, enter line 3, "Allowed amount" **1a.** _____
- 1b. Enter the amount from Schedule A, line 5, that does not affect the federal income tax calculation if the taxpayer has a state refund and is subject to AMT **1b.** _____
- 1c. Subtract line 1b from line 1a. This is the maximum amount from Schedule A, line 5e, that can be taxable on next year's tax return per the Tax Benefit Rule **1c.** _____

Worksheet 2 - 2020 Schedule A recomputed using original Schedule A line 5a less state refunds

- 1. Enter total state taxes actually paid in 2020 from Schedule A, line 5a **1.** _____
- 2. Enter state refund that will be received on 2021 Form 1099-G from the state WK_REF, line F **2.** _____
- 3. Subtract line 2 from line 1. Total state and local taxes that would have been reported on Schedule A, line 5a, if it reflected only the portion of the total state and local taxes paid that were due **3.** _____

Worksheet 3 - Difference

- 1. Enter the amount from line 1c, worksheet 1 above **1.** _____
- 2. Enter the amount from line 3, worksheet 2 above **2.** _____
- 3. Subtract line 2 from line 1. This is the **maximum** amount of the total refund that is taxable in 2021 **3.** _____

If line 3 is -0- or less, **STOP**. None of your state refund is taxable.
If line 3 is greater than -0-, complete worksheet 4 below to determine how much of your state refund is taxable.

Worksheet 4 - State and Local Income Tax Refund Worksheet

- 1. Enter the amount from line 3, worksheet 3 above **1.** _____
- 2. Enter your total allowable itemized deductions from your 2020 Schedule A line 17 **2.** _____
- Note.** If your 2020 filing status was MFS and your spouse itemized deductions in 2020, skip lines 3, 4, and 5, and enter the amount from line 2 on line 6 below.
- 3. Enter the amount shown below for the filing status claimed on your 2020 Form 1040 or 1040-SR.
Enter: \$12,400(S) / \$24,800(MFJ) / \$12,400(MFS) / \$18,650(HOH) **3.** _____
- 4. If you were over 65, add 1. If MFJ and your spouse was over 65, add 1
If you were blind, add 1. If MFJ and spouse was blind, add 1.
Multiply the total computed above by:
 \$1,300 if your 2020 filing status was MFJ or MFS or QW;
 \$1,650 if your 2020 filing status was single or HOH **4.** _____
- 5. Add lines 3 and 4 **5.** _____
- 6. Is the amount on line 5 less than the amount on line 2?
No. STOP None of your refund is taxable.
Yes. Subtract line 5 from line 2 **6.** _____
- 7. Enter the smaller of line 1 or line 6 **7.** _____
- 8. Taxable income for 2020 **8.** _____
- 9. Taxable part of your refund. If line 8 is zero or more, enter the amount from line 7. If line 8 is less than zero, add lines 7 and 8, and enter the result but not less than zero **9.** _____

Worksheet 5 - State and Local Income Tax and General State Sales Tax Computation

- 1. 2020 State Income Tax Deduction from Schedule A, Line 5a or WK_SALT line 3 **1.** _____
- 2. 2020 General sales tax deduction that could have been claimed instead of state income tax **2.** _____
- 3. Difference **3.** _____
- 4. Worksheet 4, line 8 if less than zero **4.** _____
- 5. Add lines 3 and 4 **5.** _____
- 6. Taxable part of your refund from line 9 of worksheet 4 **6.** _____
- 7. Lesser of line 5 or 6, this is the maximum taxable portion of your state refund **7.** _____