



Income – Unemployment Compensation

SCHEDULE 1
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

▶ Attach to Form 1040, 1040-SR, or 1040-NR.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074
2021
Attachment Sequence No. 01

Name(s) shown on Form 1040, 1040-SR, or 1040-NR _____ Your social security number _____

Part I Additional Income

1 Taxable refunds, credits, or offsets of state and local income taxes	1
2a Alimony received	2a
b Date of original divorce or separation agreement (see instructions) ▶	
3 Business income or (loss). Attach Schedule C	3
4 Other gains or (losses). Attach Form 4797	4
5 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5
6 Farm income or (loss). Attach Schedule F	6
7 Unemployment compensation	7
8 Other income:	
a Net operating loss	8a ()
b Gambling income	8b
c Cancellation of debt	8c
d Foreign earned income exclusion from Form 2555	8d ()
e Taxable Health Savings Account distribution	8e
f Alaska Permanent Fund dividends	8f
g Jury duty pay	8g
h Prizes and awards	8h
i Activity not engaged in for profit income	8i
j Stock options	8j

About Income – Unemployment Compensation

- Additional resources listed in L< “References” tab
- Review the hint and Topic Activity in the lesson

Objectives – Income – Unemployment Compensation

- Identify unemployment compensation income
- Determine how to report unemployment compensation on the tax return
- Time Required: 15 minutes

Topics



- Unemployment Compensation Defined
- Reporting Unemployment Compensation

Key Terms

Definitions are always available in the L< online Glossary.

- Earned Income (Tax) Credit (EIC)
- Unemployment compensation

Unemployment Compensation Defined

- Any amount received under an unemployment compensation law of the United States or of a state in the U.S.
 - Reported on Form 1099-G
 - Taxable in most cases
 - Not considered earned income for calculating EIC

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation	OMB No. 1545-0120 20XX Form 1099-G	Certain Government Payments	
		\$			
PAYER'S TIN		2 State or local income tax refunds, credits, or offsets			
		\$			
RECIPIENT'S TIN		3 Box 2 amount is for tax year	4 Federal income tax withheld		Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name		5 RTAA payments	6 Taxable grants		
Street address (including apt. no.)		7 Agriculture payments	8 If checked, box 2 is trade or business income <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain			
Account number (see instructions)		10a State	10b State identification no.		
			11 State income tax withheld		
			\$		
			\$		

Form **1099-G**

(keep for your records)

www.irs.gov/Form1099G

Department of the Treasury - Internal Revenue Service

Reporting Unemployment Compensation

- Enter the amount of unemployment received shown in box 1 or box 5 of Form 1099-G on Form 1040.
- Enter the amount of withholding from Form 1099-G, box 4 on Form 1040.
- If the taxpayer has more than one Form 1099-G, enter each form in the software.

Summary

- This lesson explained how to identify and report unemployment compensation, which is taxable and reported to the recipient on Form 1099-G.
- Check your understanding of this lesson by answering the skill check questions on the student landing page.

skill check

Check your understanding of unemployment compensation. Indicate whether each of the statements below is true or false by clicking on the correct answer. To check your answers, click the Check My Answers button at the bottom of the page.

1. When Colten was laid off, he received state unemployment compensation totaling \$4,000 before finding a new job. He will report \$4,000 as unemployment income.