




## Lesson Plan

### Income – Unemployment Compensation; Form 1040, Line 19

Time Required: 15 minutes

Introduction	Objectives	Topics
This lesson will help volunteers assist taxpayers who received unemployment compensation payments.	<p>Identify unemployment compensation income.</p> <p>Determine how to report unemployment compensation on the tax return.</p>	 <p>Unemployment Compensation Defined</p> <p>Reporting Unemployment Compensation</p>

### Key Terms

**Earned Income (Tax) Credit (EITC or EIC):** A credit that can be paid to low-income workers, even if no income tax was withheld from the worker's pay. To receive the credit, a taxpayer must file a tax return. Unemployment income is not considered earned income for the purposes of calculating EITC.

**Unemployment compensation:** Generally includes any amount received under an unemployment compensation law of the United States or of a state in the U.S. In most cases, unemployment compensation is taxable.

### Teacher Tips

#### Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	<b>Review</b> the online demo of TaxSlayer on Income.	<b>TaxSlayer® Demo:</b> From the Practice Lab, select : <ul style="list-style-type: none"> <li>• TaxSlayer IRS training</li> <li>• Click the Income button, then select Part 2.</li> </ul>
Provide details and engage the students	<p><b>Discuss</b> all tips and cautions in detail.</p> <p><b>Ask</b> students to read and/or role-play examples and sample interviews.</p> <p><b>Review</b> answers to each exercise; ask students how they arrived at their answers.</p>	<b>Internet:</b> <a href="#">Link &amp; Learn Taxes (L&amp;LT) <u>Income – Unemployment Compensation</u></a>

Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<p><b>Review</b> lesson objectives.</p> <p><b>Point out</b> that this lesson is the fourth of nine lessons on income.</p> <p><b>Review</b> list of references.</p> <p><b>State</b> the presentation time.</p> <p><b>Direct</b> students to Pub 4012, Table A – Examples of Taxable Income.</p> <p><b>Point out</b> unemployment compensation is taxable, unearned income.</p>	<p><b>Visuals:</b></p> <p><a href="#">Form 1040</a>, Page 1 Income section</p> <p><a href="#">Form 13614-C</a>, Section A, Part III</p> <p><a href="#">Form 1099-G</a>, boxes 1 and 4</p> <p>Pub 4012, Income tab:</p> <ul style="list-style-type: none"> <li>• <a href="#">Table A – Examples of Taxable Income</a></li> <li>• <a href="#">Earned Income Table</a></li> <li>• <a href="#">How/Where to Enter Income</a></li> </ul>
Unemployment Compensation Defined	<p><b>Prompt</b> students to share what they know about reporting unemployment income using the questions from the topic.</p> <p><b>Review</b> L&amp;LT topic Unemployment Compensation Defined.</p> <p><b>Emphasize</b> that volunteers should check Form 1099-G to see if federal and/or state income taxes were withheld.</p> <p><b>Remind</b> students that although unemployment compensation is taxable in most cases, it is not considered earned income for the purposes of calculating EITC.</p>	<p><b>Visuals:</b></p> <p><a href="#">Form 1099-G</a>, boxes 1 and 4</p> <p><a href="#">Form 1040</a>, Income and Payments sections</p> <p><b>Internet:</b></p> <p><a href="#">L&amp;LT Unemployment Income, Unemployment Compensation Defined</a></p> <p>Tax Map: <a href="#">Pub 505 - Unemployment Compensation</a></p> <p>Tax Map: <a href="#">Pub 525 - Unemployment Benefits and Compensation</a></p>

## Income – Unemployment Compensation; Form 1040 Line 19

Reporting Unemployment Compensation	<p><b>Review</b> L&amp;LT topic Reporting Unemployment Compensation.</p> <p><b>Verify</b> students understand the content and knowledge check.</p> <p><b>Present</b> TaxSlayer demo.</p>	<p><b>Visuals:</b> Pub 4012, Income tab, <a href="#">How/Where to Enter Income</a></p> <p><b>Internet:</b> <a href="#">L&amp;LT Unemployment Income</a>, Reporting Unemployment Compensation</p> <p><b>TaxSlayer Demo</b></p> <ul style="list-style-type: none"> <li>• Form 1040, pg 1</li> <li>• Line 19 link to Form 1099-G Worksheet</li> </ul>
Summary	<p><b>Review</b> the lesson summary with the class.</p>	<p><b>Visuals:</b> <a href="#">L&amp;LT Unemployment Income</a>, Summary</p>
Practice	<p><b>Select</b> a practice exercise on reporting unemployment compensation.</p> <p><b>Ask</b> students to select the problem based on their certification course of study.</p> <p><b>Verify</b> students have correctly completed Form 1040 lines 19 and 64.</p>	<p><a href="#">Publication 4491-W Basic Comprehensive Problem and Practice Exercises</a></p> <p><a href="#">Publication 4491-W Advanced Comprehensive Problem and Practice Exercises</a></p>

### References

L&LT	<a href="#">Income – Unemployment Compensation</a>
Form 1040	<a href="#">Form 1040</a> , Lines 19 and 64
Form 13614-C	<a href="#">Form 13614-C</a> , Intake/Interview & Quality Review Sheet, Section A, Part III
Form 1099-G	<a href="#">Form 1099-G</a> , Certain Government Payments, Boxes 1 and 4
Pub 4012, Volunteer Resource Guide	Pub 4012, Volunteer Resource Guide, Income tab <a href="#">Table A – Examples of Taxable Income Earned Income Table</a> <a href="#">How/Where to Enter Income</a>
Pub 17	<a href="#">Pub 17</a> , Chapter 12, Other Income
Pub 4491-W	<a href="#">Pub 4491-W</a> – Basic-Advanced practice or comprehensive exercise on reporting unemployment compensation

## Recommended Classroom Activities



**Skills  
Workout**



**Certification  
Warm Up**



**Media: Videos  
& Audio**



**TaxSlayer  
Tutorial**



**Job Aids**



**Practice  
Lab**



**Skills Workout: Link & Learn Taxes Income – Unemployment Compensation; Form 1040, Line 19**

Click Skills Workout as a new way to access Link & Learn Taxes Unemployment Income.



**Certification Warm UP – Summary Exercises**

Click Certification Warm Up as a new way to access the Summary and Exercises in Link & Learn Taxes Unemployment Income.



**Media Video & Audio for Lesson**

There is no media associated with this lesson.



**TaxSlayer Tips and Resources for Lesson**

Practice Lab Tutorial

From the [Practice Lab](#):

1. Enter the universal password (if you do not have the password, you can request it from your site coordinator or SPEC relationship manager).
2. Sign in to Practice Lab or create an account.
3. Select the appropriate tutorial.



**Job Aids**

**ITA and FAQs for Lesson**

Tax Map

Taxpayers may choose to have income tax withheld from unemployment compensation

<https://taxmap.ntis.gov/taxmap/pubs/p505toc.htm>

Pub 525, Types of unemployment benefits and compensation

<https://taxmap.ntis.gov/taxmap/pubs/p525toc.htm>

References

References for L&LT – Income – Unemployment Compensation

<http://apps.irs.gov/app/vita/content/13/references.jsp>



Practice Lab

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Practice Lab

<https://vita.taxslayerpro.com/IRSTraining>

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