



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

Topic-specific Tips

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

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

References

L<	Income – Unemployment Compensation
Form 1040	Form 1040 , Lines 19 and 64
Form 13614-C	Form 13614-C , Intake/Interview & Quality Review Sheet, Section A, Part III
Form 1099-G	Form 1099-G , Certain Government Payments, Boxes 1 and 4
Pub 4012, Volunteer Resource Guide	Pub 4012, Volunteer Resource Guide, Income tab Table A – Examples of Taxable Income Earned Income Table How/Where to Enter Income
Pub 17	Pub 17 , Chapter 12, Other Income
Pub 4491-W	Pub 4491-W – 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

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



Job Aids

ITA and FAQs for Lesson

Tax Map

Taxpayers may choose to have income tax withheld from unemployment compensation

<http://taxmap.ntis.gov/taxmap/pubs/p505-007.htm#TXMP07427cc8>

Pub 525, Types of unemployment benefits and compensation

<http://taxmap.ntis.gov/taxmap/pubs/p525-004.htm#TXMP2715504a>

References

References for L< – Income – Unemployment Compensation

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



Practice Lab

Practice Lab

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