

UNEMPLOYMENT BENEFITS UNDER COVID-19



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COVID-19 has impacted many American individuals and families' ability to work and earn income. On March 27th, 2020, The Coronavirus Aid, Relief, and Economic Security Act (CARES) Act was signed into law. One notable provision of the CARES Act expands the states' ability to provide unemployment insurance for workers impacted by the COVID-19 pandemic and has enriched many state-level benefits with an additional weekly federal supplement. It also provides flexibility for the states to expand their unemployment insurance benefits to workers that are not ordinarily eligible for benefits.

Am I eligible?

Generally, if you are unemployed through no fault of your own, you will be eligible to collect unemployment benefits. However, you will need to confirm this answer at the state level. In addition, you must verify that you qualify under your state's requirements for wages earned or time worked during an established period of time.

Currently, federal law provides states flexibility to pay benefits where:

- An employer temporarily ceases operations due to COVID-19, preventing employees from coming to work;
- An individual is quarantined with the expectation of returning to work after the quarantine is over; and
- An individual leaves employment due to a risk of exposure or infection or to care for a family member.

In addition, federal law does not require an employee to be terminated in order to receive benefits due to the impact of COVID-19.

Here are a few helpful resources regarding each state's program:

<https://www.careeronestop.org/LocalHelp/UnemploymentBenefits/find-unemployment-benefits.aspx>
<https://www.dol.gov/coronavirus/unemployment-insurance#find-state-unemployment-insurance-contacts>

Many of the rules and regulations are changing daily, thus, we recommend you contact your state's unemployment office when you separate from service. Due to the recent high volume of claims, there have been reports of difficulty connecting with state unemployment representatives and submitting a claim through their respective websites.

What should you expect to collect?

As it reads now, impacted workers are eligible to collect their state's weekly benefit plus an extra \$600 per week on top of their state benefit, for a period up to four months. In addition, lawmakers also added up to 13 weeks of extended benefits on top of state programs, which vary between up to 12 and 28 weeks. The extended benefits and pandemic program are scheduled to expire by December 31, 2020.

Will the benefits be taxable?

Yes. At this time, the unemployment benefits you receive will be taxable. In the process of completing the application, you will be asked how much tax, if any, you should withhold. If you have questions about withholding, contact your tax preparer to determine the most appropriate amount to be withheld.

Can I collect unemployment benefits if I am a self-employed worker?

Currently, some states are allowing self-employed workers the ability to collect unemployment benefits. Each state will have their own authority on how to implement the CARES Act and thus you will need to confirm your eligibility with your state of residence.

This website is a great resource regarding self-employed benefits: <https://oui.doleta.gov/unemploy/self.asp>

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DISCLOSURES:

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

This information is not intended to be a substitute for individualized tax advice. We suggest that you discuss your specific tax situation with a qualified tax advisor.

This information is not intended to be a substitute for individualized legal advice. We suggest that you discuss your specific situation with a qualified attorney.