



Jobless Benefits Fraud

Dear Dr. Per Cap:

I received a 1099-G that lists over \$3,000 in unemployment benefits paid by the state in 2020. I didn't receive any unemployment last year. What should I do?

Signed,

Working through the Pandemic

Dear Working

Report this as fraud through your state unemployment agency website immediately. There's been a huge surge in unemployment insurance fraud nationwide.

These scams are connected to increased unemployment benefits that many states paid to workers who were laid off or furloughed during the pandemic. With lots of stimulus money available and states struggling to process an unprecedented number of claims, due diligence wasn't always up to speed. Criminals took advantage and filed for unemployment using stolen identities. Crooks steal the benefits – victims get stuck with the bills.

In addition to identity theft you could also be on the hook for taxes owed on the amount listed on that 1099-G, the IRS form to report Certain Government Payments; i.e. unemployment insurance. A lot of folks don't realize that jobless benefits are usually considered taxable income – even the expanded benefits related to Covid-19. The good news is that the latest relief bill the President signed in March allows the first \$10,200 of unemployment benefits per spouse to be tax exempt for households that made less than \$150,000 last year.

However, that doesn't carry over to all state income taxes only federal. Currently thirteen states that include Colorado, Idaho, Minnesota, Hawaii, and New York aren't excluding unemployment compensation from taxes. So if you live in one of these states pay extra close attention.

The IRS recommends people do not include income from bogus 1099-G's on tax returns and to request corrected forms from your state. Should you actually need to file for unemployment in the future, this issue could come back to haunt you if you don't have corrected forms. The federal tax deadline along

with most state tax deadlines has been extended to May 17th so you've got an extra month this year to get this all squared away.

It is also a good idea to check your credit report, if you haven't done so recently, for suspicious activity and consider a credit freeze to prevent someone from applying for a loan or credit card in your name.

Ask Dr. Per Cap is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit www.firstnations.org. To send a question to Dr. Per Cap, email askdrpercap@firstnations.org.