



DEPARTMENT OF

LABOR

DIPATTAMENTON HOMOTNÁT • David M. Dell'Isola, Director • Gerard A. Toves, Deputy Director

Lourdes A. Leon Guerrero
Governor

Joshua F. Tenorio
Lieutenant Governor

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How to Report New Exclusion of Up to \$10,200 of Unemployment Compensation

If you received pandemic unemployment benefits and are getting ready to file your 2020 taxes, here's a guide from the Guam Department of Labor in partnership with the Department of Revenue and Taxation on how to report your relief benefits which is taxable income.

A new law allows most individuals to be exempt from paying taxes on the first \$10,200 received in the various federal disaster aid programs including the \$345 a week from Pandemic Unemployment Assistance and the additional weekly \$600 of Federal Pandemic Unemployment Compensation and the extra \$300 a week through the Lost Wages Assistance program.

If you are married, each spouse claiming unemployment benefits will receive the same exemption on taxes up to \$10,200.

"I'm happy to work with the Department of Labor to get this information out to as many people as possible. This rule came about with the implementation of the American Rescue Plan in March and it's imperative that our tax filers understand what this means for them," said DRT Director Dafne Shimizu.

Do not call the Department of Labor's 311 information line regarding the exemption. Please see the instructions below.

"We have been inundated with calls on our 311 line from claimants asking how to report the unemployment exclusion on their taxes, but we need to try and keep 311 open to those with issues or questions about their claims. This is not a Department of Labor item, it's part of DRT. But we are helping to get the message out as a service to our claimants," said Labor Director David Dell'Isola.

The following information can also be found on our hireguam.com system. Ensure you follow all of the rules and regulations. You will see a banner with a link that will take you to an information page on how

Mailing Address: P.O. Box 9970 • Tamuning, Guam 96931

Physical Address: 414 West Soledad Avenue • Suite 400, GCIC Building • Hagåtña, Guam 96910

Telephone: (671) 475-7044/7036 • **Facsimile:** (671) 475-6811

American Job Center: (671) 475-7000/1

Website: dol.guam.gov • hireguam.com



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to file the tax exclusion and how to file an amendment if you filed your 2020 taxes prior to the enactment of the American Rescue Plan which created the tax exclusion.

How to claim the exclusion

The tax exclusion will be reported separately from your unemployment compensation on a **Schedule 1 form titled: Additional Income and Adjustments to Income**. There are two lines to pay attention to on this form. **The first is line 7 — Unemployment Compensation**. This is where you will enter the total amount you received from pandemic unemployment benefits (PUA, FPUC, LWA). You can get this number from **Box: 1 of your 1099-G** form the Department of Labor mailed out in January. The 1099-G for is also available on your hireguam.com dashboard.

The second line to fill out is line 8 on the Schedule 1 form — Other Income. List Type and Amount. This is where you will enter the exclusion. Type is “UCE,” and the amount will be -\$10,200. Be sure it reflects as a negative number. Subtracting the exemption from the full amount received will give you the total taxable amount of your unemployment compensation.

Lines 1-6 on the Schedule 1 form cover other types of income to be claimed such as alimony and farm income. Be sure to include any amounts in those lines that pertain to you in order to calculate your total “Additional Income.” That number will then go on your Form 1040 on line 8.

For more information on how to enter the tax exemption, see the Unemployment Compensation Exclusion Worksheet at <https://www.irs.gov/pub/irs-pdf/i1040gi.pdf> where you can calculate the exclusion.

“This partial tax forgiveness is a great thing for our people of Guam. It helps ensure they keep much of the relief money they received during this public health crisis. Our people can instead take care of their families and responsibilities. This is a top priority for our governor,” said Director Dell’Isola.

What if I already filed my 2020 Individual Income Tax Return?

If you have already filed your 2020 Form 1040 or 1040-SR, you must file an amended return with Form 1040-X to claim the exclusion. Have your original 2020 tax return you’re amending available in order to easily transfer information to Form 1040-X.

Remember that the income tax filing due date for individuals is extended from April 15 to May 17. This is an automatic extension therefore individual taxpayers do not need to file any additional forms with DRT.

If you have further questions regarding this exclusion, please consult with a certified tax practitioner or contact DRT at 635-1840/1841 or 635-7651. Please take note that due to high call volumes, it is recommended that you email incometax@revtax.guam.gov.