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Unemployment Benefits & Income Tax Returns

Do I need to report unemployment compensation on my income tax return?

Act 154 exempts unemployment benefits from income tax for tax years 2020 and 2021. The Arkansas tax return includes a line for taxpayers to report the amount of unemployment they received on their Arkansas return, but this amount will not be included as taxable income.

A copy of your 1099G is requested on the form, but it is not required for the exemption. If you are unable to attach your 1099G, you will not be negatively affected.

If you already filed your AR state individual income tax return, Arkansas Department of Finance and Administration (DFA) will be making system changes to exclude unemployment from taxes & refund any excess taxes paid.

All inquiries can be directed to a DFA Service Representative at 501-682-1100 or 800-882-9275.

I claimed unemployment benefits, but I have not received a 1099-G. What do I do?

A copy of your 1099G is requested on the form, but it is not required for the exemption. If you are unable to attach your 1099G, you will not be negatively affected.

If you have not received a 1099-G, it could be that the mailing address we have on file for you is not correct. Please contact your local DWS office and let them know you have not received your 1099-G. We will update the address on file and send your 1099-G to the correct address.

Why did I get a 1099-G with unemployment benefits I didn't collect?

Fraudsters often use another person's name and address to file an unemployment claim but include a bank account they have access to collect the money. If you get Form 1099-G in the mail with your name on it reporting unemployment benefits you did not receive, then it's likely the result of fraud.

What do I do if I got a 1099-G with unemployment benefits I didn't collect?

Don't ignore it! Report suspected fraud immediately.

You will need to complete these three steps to fully resolve the issue:

1. Report the fraud to ADWS by sending an email to ADWS.InternalAudit@arkansas.gov or by calling 501-682-1058 to speak with the ADWS Fraud Investigation Unit.
2. File a police report with your local law enforcement agency.
3. Submit a copy of your police report to ADWS by emailing it to ADWS.InternalAudit@arkansas.gov.

I have already contacted the ADWS Fraud Investigation Unit. Why did I still receive a 1099-G with unemployment benefits I didn't collect?

Do not report any unemployment benefits as income if you didn't receive them for a valid claim you filed.

Even if you already reported the fraud to ADWS, you might still receive a 1099-G with benefits you didn't collect for one of two reasons:

1. You have not provided a copy of your police report to ADWS
While ADWS will stop payments on the fraudulent claim you reported immediately, the only way to remove fraudulent charges from your social security number is by processing the police report associated with the fraudulent claims.
If you have not provided a copy of the police report to ADWS, please submit a copy of your police report to ADWS.InternalAudit@arkansas.gov as soon as possible.
2. ADWS is still processing your police report
Unfortunately, due to sheer volume, ADWS is still processing police reports and working to match them with fraudulent claims. Once the police report has been fully processed by ADWS, you will receive a corrected 1099-G form reflecting zero unemployment compensation. If you submitted a police report to ADWS.InternalAudit@arkansas.gov, you do not need to send it again.

If a fraudster claimed unemployment using my name, do I need to report it on my income tax return?

No. Don't report any unemployment benefits as income if you didn't receive them for a valid claim you filed.

Additional guidance is available from the Internal Revenue Service at

<https://www.irs.gov/identity-theft-fraud-scams/identity-theft-and-unemployment-benefits>.