

Unemployment benefits

494.1 Deduction from additional salary claim settlement. The amount equivalent to unemployment benefits paid to a taxpayer by the Railroad Retirement Board in prior years, which is deducted from the total compensation found to be due the taxpayer upon the settlement of his claim for additional salary for such prior years, is includable in the taxpayer's gross income in the taxable year the proceeds of the claim are received. (Secs. 61, 451; '86 Code.)

Rev. Rul. 56-631, 1956-2 C.B. 25.

494.2 Emergency and special assistance acts of 1974. Benefits received under Title 11 of the Emergency Jobs and Unemployment Assistance Act of 1974 and the Emergency Unemployment Compensation Act of 1974 are not includable in the gross income of the recipients. §1.61-1. (Sec. 61; '86 Code.)

Rev. Rul. 76-63, 1976-1 C.B. 14.

494.3 Emergency Unemployment Compensation Act of 1971. Unemployment benefits paid by a State agency under the Emergency Unemployment Compensation Act of 1971 are not includable in the gross income of the recipients. §1.61-1. (Sec. 61; '86 Code.)

Rev. Rul. 73-154, 1973-1 C.B. 40.

494.4 Federal employees. Unemployment compensation payments made to Federal employees during unemployment periods by State or Federal agencies, as provided by Title XV of the Social Security Act, as amended, do not constitute taxable income to the recipients. (Sec. 61; '86 Code.)

Rev. Rul. 55-652, 1955-2 C.B. 21.

494.5 Federal Unemployment Trust Fund. Unemployment benefits paid to individuals by a State agency from the Federal Unemployment Trust Fund are not includable in gross income of the recipients. I.T. 3230 superseded. §1.61-1, (Sec. 61; '86 Code.)

Rev. Rul. 70-280, 1970-1 C.B. 13.

494.6 Inclusion in gross income. Benefits and allowances paid to individuals under the Trade Readjustment Allowance Program, the Airline Deregulation Benefits and Allowances Program, and the Disaster Unemployment Assistance Program are unemployment compensation within the meaning of section 85(c) for purposes of determining whether any part of such payments is includable in gross income. (Sec. 85; '86 Code.)

Rev. Rul. 79-299, 1979-2 C.B. 32.

494.7 Private fund. Unemployment benefits from a private fund, as distinguished from a union established fund, established and contributed to by members who receive the benefits of such fund, constitute gross income to the member when received to the extent they exceed the amount which the member personally contributed to the fund. Contributions to the fund are not deductible by the contributors. §§1.61-1, 1.162-1. (Secs. 61, 162; '86 Code.)

Rev. Rul. 59-5, 1959-1 C.B. 12.

494.8 Redwood National Park Expansion Act. Benefits received as "terminal pay" under the Redwood National Park Expansion Act are not includable in gross income. (Sec. 85; '86 Code.)

Rev. Rul. 80-23, 1980-1 C.B. 17.

494.9 Strike benefits. Strike benefits in the form of food, clothing, and rent vouchers given by a labor union to members and nonmembers,

depending on their individual need, the unavailability of unemployment compensation or local public assistance, and with no condition attached thereto, are gifts to the recipient excludable from gross income. §§1.61-1, 1.102-1. (Secs. 61, 102; '86 Code.)

Kaiser, 363 U.S. 299, Ct. D. 1851, 1960-2 C.B. 33.

494.10 Strike benefits; lockout benefits. In cases presenting facts substantially like those in *Allen Kaiser*, strike benefit payments and lockout benefit payments made by labor unions will be regarded as gifts excludable from gross income. The fact that benefits are paid only to union members will not, in and of itself, be considered determinative of whether the benefits are gifts or income. Rev. Rul. 57-1 (clarifying I.T. 1293 and distinguishing Rev. Rul. 131) and Rev. Rul. 58-139 are modified to the extent that they hold that strike benefit payments and lockout benefit payments, respectively, are includable in the gross income of the recipient irrespective of the circumstances under which such payments are made. Rev. Rul. 61-16 superseded. §§1.61-1, 1.102-1. (Secs. 61, 102; '86 Code.)

Rev. Rul. 61-136, 1961-2 C.B. 20.

494.11 Supplemental; paid by employer. Contributions made by an employer to an independently controlled trust fund, created to furnish supplemental unemployment benefits to certain employees qualifying under a supplemental unemployment benefit plan established pursuant to a collective bargaining agreement, are deductible business expenses (Rev. Rul. 56-102). Amplified to include plans unilaterally instituted by the employer (Rev. Rul. 58-128), and plans where benefits are made by an employer directly to certain qualifying employees (Rev. Rul. 60-330). Supplemented to provide that an amendment to such a plan to provide for lump sum separation payments (Rev. Rul. 59-256), or payments of so-called "short-work week" and "waiting week" benefits (Rev. Rul. 63-123), does not adversely affect the deductibility of employer contributions. Rev. Ruls. 56-102 and 59-256 are modified to provide that an amendment to such a plan to provide lay-off moving allowance to certain employees, if they move and accept employment at another of the employer's plants, does not adversely affect the deductibility of employer contributions (Rev. Rul. 73-245). Amplified and modified by Rev. Rul. 77-347. Rev. Rul. 59-256 modified by Rev. Rul. 81-17. §§1.162-1, 1.162-10. (Sec. 162; '86 Code.)

Rev. Rul. 56-102, 1956-1 C.B. 90; Rev. Rul. 58-128, 1958-1 C.B. 89; Rev. Rul. 59-256, 1959-2 C.B. 59; Rev. Rul. 60-330, 1960-2 C.B. 46; Rev. Rul. 63-123, 1963-2 C.B. 89; Rev. Rul. 73-245, 1973-1 C.B. 64.

494.12 Supplemental; paid by employer. A supplemental unemployment benefit plan was amended to provide for the payment of lump-sum separation benefits to employees who retire on or after the date they reach age 60 but who are ineligible for retirement benefits. The amendment will result in the disallowance under section 162(a) of the contributions made to the trust under such amended plan, and section 404(a) applies to the deduction of the entire contribution under the plan. Rev. Rul. 59-256 modified. §§1.162-10, 1.404(a)-1, 301.7805-1. (Secs. 162, 404, 7805; '86 Code.)

Rev. Rul. 81-17, 1981-1 C.B. 75.

494.13 Supplemental; paid to employee. Benefits paid to former employees of a company from a particular trust pursuant to a supplemental unemployment benefit plan established as a result of a collective bargaining agreement are includable in gross income in the year received. However, the benefits paid do not constitute wages for employment tax purposes (Rev. Rul. 56-249),

Amplified to provide similar treatment where plans are initially instituted by the employer (Rev. Rul. 58-128), and where benefit payments are made by an employer direct to certain qualifying former employees under such a plan which does not involve the use of a trust (Rev. Rul. 60-330). Amplified and modified by Rev. Rul. 77-347. §1.61-1. (Sec. 61; '86 Code.)

Rev. Rul. 56-249, 1956-1 C.B. 90; Rev. Rul. 58-128, 1958-1 C.B. 89; Rev. Rul. 60-330, 1960-2 C.B. 46.

494.14 Supplemental; paid to employees. Benefits paid to former employees of a company from a trust fund, established pursuant to a supplemental unemployment compensation benefits plan, are includable in the recipients' gross income in the year received and are subject to income tax withholding. Rev. Ruls. 56-249 and 58-128 amplified and modified. §1.61-1. (Sec. 61; '86 Code.)

Rev. Rul. 77-347, 1977-2 C.B. 362.

494.15 Supplemental; paid to special account. Amounts which an accrual basis employer credits to a special account, required to be maintained in conjunction with its contributions to a trustee supplemental unemployment plan, for contingent annual payment to its employees are not deductible by reason of the employer's accrual or segregation of such funds. However, such amounts which are actually paid to eligible employees, pursuant to the special account provisions, are deductible by the employer as ordinary and necessary business expenses in the taxable year in which paid or incurred. §§1.162-10, 1.461-1. (Secs. 162, 461; '86 Code.)

Rev. Rul. 66-309, 1966-2 C.B. 46.

494.16 Supplemental; payment of employee's union dues. An amendment to a supplemental unemployment benefit plan, to permit the employer when authorized by an employee to deduct and pay the employee's union dues from his benefit or separation check, does not affect the deductibility of the employer's contributions. §1.162-10. (Sec. 162; '86 Code.)

Rev. Rul. 73-90, 1973-1 C.B. 64.

494.17 Supplemental unemployment benefit trust. Amounts paid or incurred by a corporation to an independently controlled trust fund, created solely to furnish unemployment benefits under a supplemental unemployment benefits plan, constitute proper accruals during the taxable year in which such amounts become a fixed and certain liability for payment, and are deductible as business expenses. Amounts computed as a contingent liability are not deductible until they become fixed and certain. (Sec. 162; '86 Code.)

Rev. Rul. 56-671, 1956-2 C.B. 117.

494.18 Supplemental unemployment benefit trust. Contributions conveying fully vested and nonforfeitable interests made by an employer into separate and independently controlled non-exempt security benefit trusts for each employee, each trust created pursuant to a collective bargaining agreement to furnish unemployment and certain other benefits to its employees, constitute additional compensation to the employees in the taxable year such contributions are made. Such contributions are subject to employment taxes at the time paid into the trusts, and are business expenses deductible in the taxable year in which paid. Modified to provide where employees' rights to the contributions are nonforfeitable, such contributions are taxable to the employees under section 402(b) rather than section 61. §1.402(b)-1. (Secs. 61, 162, 402, 404; '86 Code.)

Rev. Rul. 57-37, 1957-1 C.B. 18; Rev. Rul. 57-528, 1957-2 C.B. 263.

494.19 Supplemental unemployment benefit trust; information returns. The trustee of a trust fund formed to provide supplemental unemploy-

ment benefits for union members, and not the employer who contributes to the trust, should file an information return for each individual receiving \$600 or more from the trust fund in a calendar year. Only the payments made by the trustee should be considered in determining whether the \$600 minimum has been paid. Rev. Rul. 57-383 modified. §1.6041-1. (Sec. 6041, '86 Code.)

Rev. Rul. 62-54, 1962-1 C.B. 285.

494.20 Trade readjustment allowances. Trade readjustment allowances, provided by sections 231 and 232 of the Trade Act of 1974, received by adversely affected workers who have become unemployed due to the effect of increased imports are in the nature of general welfare and are not includible in the workers' gross income. §1.61-1. (Sec. 61, '86 Code.)

Rev. Rul. 76-229, 1976-1 C.B. 19.

494.21 Unemployment compensation; state agency. Unemployment benefits paid an individual employed by a state agency which is not a covered employer under the state's unemployment compensation laws are includible in his gross income for the year in which received to the extent that they exceed the amount which the employee personally contributed to the fund. §1.61-1. Code.)

Rev. Rul. 67-38, 1967-1 C.B. 9.

494.22 Union fund. Unemployment benefits derived from a union established fund, contributed to by members of a trade union, constitute gross income to the recipient to the extent they exceed his contributions. Amounts paid into the fund by members are not deductible. Modified by Rev. Rul. 62-54 with respect to information return requirements. §§39.22(a)-1, 1.61-1. (Sec. 22(a), '39 Code; Sec. 61, '86 Code.)

Rev. Rul. 57-383, 1957-2 C.B. 44.

494.23 Union members. Benefits paid unemployed members of a union out of regular union dues set aside for such purposes are includible in their gross income. I.T. 1293 superseded. §1.61-1. (Sec. 61, '86 Code.)

Rev. Rul. 71-70, 1971-1 C.B. 27.