**Indiana Unemployment Insurance**

**EMPLOYER FREQUENTLY ASKED QUESTIONS** for COVID-19 work-related issues

**Updated May 19, 2020**

**Q1.** If I lay people off due to COVID-19, will it affect my Merit rate / tax rate next year?

**A1.** Contributory employers will not be directly charged for separations between March 13, 2020 and the end of the COVID-19 related separations which is anticipated to be no later than 12/31/2020. DWD will mutualize all benefit charges for contributory employers prior to assessing the 2021 merit rates. All employers will continue to receive a monthly statement of benefit charges if workers are collecting unemployment against their base period wages. Please examine the statement of benefit charges carefully and report any collection of benefits during a week where the worker received wages or payments from your company. This is important to reduce fraud and protect the integrity the Trust Fund. The November 2020 statement will show the benefit charge reversals for all charges removed from your account related to benefits through 06/30/2020. Benefits charged after 06/30/2020 do not affect the 2021 merit rates and will be removed separately at a later date prior to assessing merit rates for 2022. Mutualization of charges will not prevent your merit rate from changing in 2021. This measure prevents direct charging of benefits to your account. Merit rates are based on both the experience of the individual employer and the overall health of the Indiana Trust Fund.

**Q2.** Is DWD going to waive penalties and interest for late filing of Quarterly Wage reports and for contribution payments first quarter 2020?

**A2.** Yes. DWD will waive penalties and interest for 31 days. Reports and payments made on or before 05/31/2020 will not be assessed any penalty or interest.

**Q3.** If I lay-off workers and pay their healthcare insurance coverage through COBRA, how does that impact unemployment insurance (UI) benefits?

**A3.** If you pay for your employees’ COBRA coverage, this is considered deductible income and must be reported to DWD and could impact the amount of UI benefits a claimant is eligible to receive.

**Q4.** If I reduce my employees’ hours but they are still employed, are they still eligible for UI benefits?

**A4:** They may be eligible for benefits, but part-time employment during the week claimed will reduce the amount of benefits paid for that week. If employees do work while receiving benefits, those employees must report any money earned on the voucher for the week they worked (not the week they ultimately get paid for the work). Failure to report money they earned is fraud and can result in denial of benefits, collections actions, and criminal prosecution. If an employee earned wages from a Base Period Employer, then a dollar-for-dollar deduction will be taken from his/her Weekly Benefit Amount (WBA). If the employee
earned wages from an employer who is NOT on his/her Monetary Determination of Eligibility or Base Period, then the following calculation applies. If he/she earns 20% or less of their WBA from an employer that is not listed on their Monetary Determination of Eligibility, no deduction will be made from their benefit payment. If he/she earns more than 20% of their WBA from an employer that is not listed on their Monetary Determination of Eligibility, a dollar-for-dollar deduction will be made from their benefit payment for all wages earned in excess of 20% of their WBA. If he/she works odd jobs for anyone other than their base period employer(s), a dollar-for-dollar deduction will be made after an amount equal to 20% of their weekly benefit amount has been earned.

Q5. If I pay my employees a bonus during the period of separation, will they be eligible for UI benefits?

A5. Maybe. If you make payments to your employees while they are collecting UI, they may have to declare the payment as deductible income. Sick pay, vacation pay, severance pay, payment in lieu of notice, and holiday pay are all deductible income for the claimant. Bonuses are wages for tax purposes, but they are not deductible income for the claimant, thus they do not impact the employee’s UI benefits.

Q6. If my employees are independent contractors or I am self-employed, are regular unemployment insurance benefits available?

A6. No. Independent contractors and the self-employed are not engaged in covered employment for the purposes of UI, so benefits would not be available. They are likely eligible for Pandemic Unemployment Assistance (PUA) under the federal CARES Act. Applications for PUA will be available in the online filing system, Uplink, beginning April 24th for those that have been denied regular UI benefits. An individual must apply for regular benefits and be denied before they can be considered for eligibility for PUA. Thus, if an individual has already applied for and been denied for regular UI benefits, they will have a PUA application available in Uplink in their “To Dos.” If they have not applied, they should do so. The PUA application will then be available after they are denied. NOTE: if an individual filed and was denied prior to 4/4/20, they will need to file a new regular claim. UI is evaluated each quarter. We need to ensure the individual is not eligible for regular UI in this most recent quarter. If they are denied for this quarter, the PUA application will then appear on the claimant home page as a “To-Do”. For more information on PUA, visit www.Unemployment.IN.gov; in the Quick Links choose “Pandemic Unemployment Assistance”.

Q7. If I am a church or church daycare, will my workers be eligible for UI benefits?

A7. No, employees of churches and church daycares are not engaged in covered employment, for the purposes of UI, so benefits would not be available. They may be eligible for Pandemic Unemployment Assistance (PUA) under the federal CARES Act.

Q8. Is the one-week waiting period for UI benefits being waived?
A8. Yes. The one-week waiting period for payment of UI was waived by the Governor’s Executive Order on March 26, 2020. The waiver is retroactive to the week of March 8, 2020. This means that benefits will be paid for the first week the individual is eligible. This week of benefits may not appear immediately in the claimant’s account, but DWD is working diligently to get this week added on each eligible claim.

Q9. Can I receive and respond to UI claims electronically?

A9. Yes. For additional information about the DWD SIDES E-Response program, go to [https://www.in.gov/dwd/sides.htm](https://www.in.gov/dwd/sides.htm).

Q10. How can an employer file an appeal if they do not have access to a fax machine?

A10. If you receive a base period separation notice, 640R, and the workers are applying for UI benefits due to a COVID-19 layoff, you do not need to respond. Only complete and return the Unemployment Insurance Protest (Employer) form, 640P, if the reason for separation is Quit or Discharged for Cause. If you cannot fax any required 640P, you may mail the form:

Indiana Department of Workforce Development
10 North Senate Ave. SE 005
Attn: 640P
Indianapolis, IN 46204

If you are responding to a Determination of Eligibility and you do not have access to a fax machine, you may file an appeal by emailing your appeal to AppealsDepartment@dwd.in.gov or by mailing your appeal to:

Indiana Department of Workforce Development
10 North Senate Ave.
Attn: Appeals Department
Indianapolis, IN 46204

For more information on filing your appeal, please go to the Indiana DWD website [https://www.in.gov/dwd/2356.htm](https://www.in.gov/dwd/2356.htm)

Q11. How do I know if I am an essential business?

A11. The Governor has set up a call center to address employer questions on essential businesses. This is for business and industry questions only: 877-820-0890 or covidresponse@iedc.in.gov.

Q12. Do I have to provide information on unemployment insurance to my employees prior to lay off or separation from employment?
A12. Yes, you have a legal obligation to provide unemployment insurance benefits information prior to layoff or separation from employment. This notice can be provided to your employees as a letter, email, text message, or flyer/poster. DWD is asking for assistance from employers. If you have the means to assist your employees by allowing them to file from a computer from your business, please assist as you can. Any assistance you can provide in getting these important benefits to your employees is greatly appreciated.

Below is approved language:

Unemployment Insurance (UI) benefits are available to workers who are unemployed and who meet the requirements of state UI eligibility laws. You may file a UI claim in the first week that employment stops or work hours are reduced.

For assistance or more information about filing a UI claim or questions about the status of your UI claim once filed, visit www.Unemployment.IN.gov. You will need to provide the state UI agency with the following information in order for the state to process your claim:

- A valid email account – your email address will become your Uplink Username.
- Driver’s license or valid ID, address, Social Security number, date of birth and phone number.
- Last employer’s name, mailing address, phone number, dates of employment and reason you are unemployed.
- Bank routing number and account number if choosing direct deposit as your payment option (NOTE: Key2Benefits prepaid MasterCard® is also available).

Q13. I laid off employees due to COVID-19, and they are collecting unemployment insurance benefits. If I recall those employees and they refuse to return to work, can I report this to DWD?

A13. Yes, employers can complete the Notice of Work Recall Refusal (Employer), State Form 56951, found at this link: https://www.in.gov/dwd/2406.htm. DWD will then evaluate the reasons for refusal and make a determination on continued eligibility for unemployment insurance benefits.

Q14. I am a small business and received a PPP loan to maintain payroll. If I pay my employees full or partial wages with the PPP loan, will this impact their unemployment insurance benefits?

A14. Yes. If an employee is receiving wages from their employer, whether the wages come from a PPP loan or elsewhere, the employee must disclose the wages to DWD on the weekly voucher. The wages will impact the weekly benefit amount.

Q15. What can employers do to make it easier for employees to file successful claims?
A15. Employers can assist by alerting their employees to file online, to review all materials on www.Unemployment.IN.gov regarding claim filing, and to be patient as it will take at least 21 days for a decision to be made on the unemployment insurance claim if there are no issues on the claim. If there are issues, this will be noted in the online system, Uplink CSS. A DWD Claims Investigator will review the issues and may need to contact the employee and employer to make a determination. These decisions can take longer than 21 days to resolve. See the COVID-19 Claimant FAQs, #24-25.

Q16. How will the 50% reimbursement work for employers that elected to make payments in lieu of contribution (i.e. are reimbursing)?

A16. According to the CARES Act, reimbursing employers must pay the entire amount of their chargeable benefits and then be reimbursed for 50% of the amount that they have paid for any benefit week ending between 03/13/2020 and 12/31/2020. Indiana will bill benefit charges paid in March 2020 in May 2020. Employers will be required to pay the May invoice on or before 05/31/2020 to be eligible for reimbursement of the 03/13/2020 – 03/31/2020 benefit payments in June 2020. The July 2020 invoice will reflect the June credit for 50% of the relevant charges as a payment on the employer’s account. Employers will be able to see the payment of the 50% reimbursement in ESS under the payments menu. Each subsequent month that DWD receives funds for the 50% reimbursement, we will post the amount of the reimbursement to the employer’s account as a payment.