

**Indiana Unemployment Insurance**  
***EMPLOYER FREQUENTLY ASKED QUESTIONS for COVID-19 work-related issues***  
**Updated March 26, 2020**

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

**A1.** Layoffs due to COVID-19 will not be charged to contributory employers, but will be mutualized to the entire contributory employer pool. More information regarding this will be sent to employers soon. Layoffs by reimbursable employers will be charged to the employer dollar-for-dollar, in the same manner they have always been charged.

**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.

**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, do they get benefits?

**A6.** No. Independent contractors are not engaged in covered employment for the purposes of UI, so benefits would not be available. If Disaster Unemployment Assistance (DUA) or a similar federal program is enacted, then an independent contractor may qualify.

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

**Q7.** No, employees of churches and church daycares are not engaged in covered employment, for the purposes of UI, so benefits would not be available. If Disaster Unemployment Assistance (DUA) or a similar federal program is enacted, then these individuals may qualify.

**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>.

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

**A10.** If you do have access to a fax machine, you may file an appeal by emailing your appeal to [AppealsDepartment@dwd.in.gov](mailto: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>

**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](mailto:covidresponse@iedc.in.gov).