

Is my workers' compensation taxable?

“Do I have to pay taxes on workers compensation?”

It's that time of year that everyone hates, yes it is tax season. I am frequently asked the question, “Is my [workers compensation](#) taxable?” The answer is no. There is no federal or state income tax applied to the weekly receipt of the workers' compensation check. In addition lump sum settlements in workers' compensation are not subject to taxation. You will not receive any tax notification documents and it is not necessary to include worker's compensation as income on your return. Nevertheless if you were on [Social Security Disability](#) and Workers' Compensation simultaneously, it may trigger a tax notification on the Social Security Disability income. This is a more complicated issue dealing with offsets on the Social Security Disability arising from the receipts of workers compensation benefits. Unfortunately you need to pay taxes on the Social Security Disability that you would have received irrespective of the [workers' compensation benefit](#). If you have further questions about this or similar scenarios relating to offsets, you should consult with a tax specialist.

One last piece of good news, this year April 15th falls on a Saturday so procrastinators get an extension to April 18th. The tax deadline is receives an extra day, because the capital is observing Emancipation Day on April 17th, instead of April 16th. Good luck completing your return.