



employer advisor

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Unemployment Insurance

A Federal-State Partnership

The Federal Unemployment Tax Act (FUTA) provides for cooperation between federal and state governments in the establishment and administration of an unemployment compensation program. Your state unemployment contributions are deposited into Utah's Unemployment Trust Fund and used solely to pay benefits to eligible unemployed individuals. Your FUTA tax pays for the administration of the program at both a state and federal level.

The standard federal tax rate is 6 percent on the first \$7,000 of wages subject to FUTA. However, employers that pay their state contributions in full and on time receive a credit from the federal government of 5.4 percent when they file their Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return. This results in a net FUTA tax rate of 0.6 percent, or up to \$42 per employee instead of \$420 per employee per year — a 90 percent tax credit.

- To qualify for the FUTA credit, you must pay all the state contributions you owe for a calendar year by the due date for your Form 940.
- If any individual employees (e.g., officers or owners) are exempt from state contributions, only their wages are excluded from the FUTA credit. Whether your company qualifies for the FUTA credit depends on the number of employees who are subject to or exempt from state contributions, and their wages.

Utah state contribution rates for 2016 range from 0.2 to 7.2 percent. 73 percent of employers qualify for the minimum rate of 0.2 percent, or up to \$64 per employee. This is a one-third decrease in liability for 2015 due to the health of Utah's Unemployment Trust Fund.



Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) provides federal tax credits to employers who hire individuals from specific target groups. There is no limit to the number of tax credits that you may receive on your annual federal income tax.

New employees from most target groups could qualify for up to \$2,400; they include Supplemental Nutrition Assistance Program (SNAP aka Food Stamps) recipients, ex-felons, and individuals referred to Vocational Rehabilitation.

The following groups are eligible to receive higher credits:

- \$4,800 for each disabled veteran employee hired within one year of leaving service

- \$5,600 for each new veteran unemployed for at least six months
- \$9,000 over a two-year period for each long-term family assistance recipient
- \$9,600 for each disabled veteran unemployed for six months

Before claiming the WOTC on your federal tax return, you must apply for and receive approval from the Utah Department of Workforce Services. The forms must be postmarked or transmitted no later than 28 days from the new employee's start date. The required forms and the contact names and numbers for Utah WOTC program are found at jobs.utah.gov/employer/business/wotc.html.



Post your jobs online here:

jobs.utah.gov/employer

Get occupational wage data here:

jobs.utah.gov/wi



Utah Veteran Employment Tax Credit

Save on Taxes, Hire a Vet

An employer who hires an eligible veteran may receive an income tax credit from the Utah State Tax Commission. For each veteran hired, the tax credit begins at \$200 a month up to \$2,400 for the first year, and increases to \$400 a month up to \$4,800 for the second year.

The eligibility criteria for the Utah tax credit include the following:

1. Recently deployed veteran who:
 - a. Mobilized to federal military service in an active or reserve component of the U.S. Armed Forces.
 - b. Received an honorable or general discharge within two years prior to the employment start date.
2. Must be employed on or after Jan. 1, 2012.
3. Is collecting, or is eligible to collect, Unemployment Insurance (UI) benefits or has exhausted UI benefits within the past two years.
4. Works at least 35 hours per week for not less than 45 out of the past 52 weeks after the employment start date

If you have a veteran employee who meets all the above criteria, send the veteran's DD214 with a release request that includes the veteran's name, Social Security number, date of birth, signature and the employer's return information to: Utah Department of Workforce Services; Unemployment Insurance; ATTN: C. McKenzie; 140 East 300 South; P. O. Box 45288; Salt Lake City, Utah 84145-0288.

If the veteran meets the eligibility criteria, Workforce Services will mail a letter to you that certifies the veteran meets the requirements of Utah Code Section 59-10-1031(2). This letter should be retained with your tax records. Additional information to save with the letter include: taxpayer identification number, the veteran's last known address, employment start date, and documentation from the military service unit to establish the status of a recently deployed veteran (DD214). Note: The DD214 will be returned to you.

If you have any questions, please call Unemployment Insurance Contributions at 801-526-9235 or 1-800-222-2857, option 2.

Pamela Atkinson Homeless Trust Fund



Every year, Utahns and businesses have the opportunity to give to a select number of charitable organizations on their Income Tax Form. One of the options is the Pamela Atkinson Homeless Trust Fund, in which all donations go directly to organizations statewide that provide vital services and assistance to individuals and families experiencing homelessness.

For more information visit:
jobs.utah.gov/htf

