The unemployment compensation fund is designed to pay benefits to workers who become unemployed through no fault of their own. Unemployment tax during a strong economy in preparation for when the economy slows.
• New Hire Reporting
• Types of Employers
• Exemptions from Coverage
• FUTA Credits
• Tax Rates and Formulas for Calculating Eligibility for Unemployment Insurance Benefits
• Recommendations for Controlling Costs
• Contact Information
New Hire Reporting Requirements

Must report within 20 days of first day worked or within 60 days of a rehire:

- Employee SSN
- Employee name
- Employee address
- Date of hire
- Employer FEIN
- Employer name
- Employer address

Optional information:
- Employee Date of birth
Types of Employers

- A **contributory** employer pays a quarterly unemployment insurance tax.
- A **reimbursable** employer does not pay a quarterly contribution to the Trust Fund. Only governmental or non-profit 501(c)(3) entities can opt to be reimbursable.
- A **successor** employer is one that acquires an existing business and meets the required conditions prescribed by rule.
- The **predecessor** is the employing unit which last operated the business and no longer is an employer in Utah.
In a **merger** (inheritance transfer) an existing business acquires another existing business.

- The acquired company’s unemployment insurance account is closed, and the history of its taxable wages and benefit costs are transferred to the surviving company’s unemployment insurance account.

- The combined history of both the acquired company and the surviving company are used to calculate the contribution rate.
Reimbursable Employers

- **Reimbursable** employers are never eligible for relief of charges. However, wages may be excluded from the claim in certain situations.

- Reimbursable employers do not pay a quarterly contribution to the Trust Fund on taxable wages.

- A reimbursable employer’s liability is limited to the amount of benefits paid to the claimant.

- Note: Reimbursable employers may be required to pay interest, penalty and collection costs on past due amounts.
Who is Subject to the Employment Security Act?

- Employed one or more individuals for some portion of a day during a calendar year
- Acquired your business from an employer subject to the Act
- All non-profits without 501(c)(3) classification are subject if employ one or more individuals for some portion of a day during a calendar year
- Agriculture — ten (10) or more employees in 20 weeks OR $20,000 in a quarter.
- Wage of $1,000 or more in calendar quarter for domestic employee
- Corporation and pay remuneration to corporate officers
- Employer subject to FUTA
Exemptions From Coverage: 
Sole Proprietor/Partner.

• Services performed by an individual owner (proprietor) and his/her:
  - Spouse
  - Parent(s)
  - Minor child or children (under age 21)

• Services performed by a general partner:
  A worker who bears an exempt relationship to all partners (a minor child in a husband and wife partnership, for example), would also be exempt

• This applies to partnership entities NOT to LLC’s
Exemptions from Coverage: LLC

Services performed by a member of Limited Liability Company (LLC), who are filing with the IRS as a sole proprietorship or a partnership:

• If filing an 1120S Federal Corporate return
• All member’s wages are subject to UI coverage and contributions
• There is no family exemption for an LLC
Exemptions From Coverage: Independent Contractors.

Services performed by an individual are considered to be employment subject to UI unless the following elements are clearly demonstrated:

• Customarily engaged in an independently established trade occupation, profession, or business of the same nature as that involved in the contract of hire for services; and

• The individual has been and will continue to be free from control or direction over the means of performance of those services, both under the individuals’ contract of hire and in fact.
Exemptions From Coverage: Salespersons

Salespersons who:

• Do not work on the employer’s premises
• Are free from the employer’s control and direction
• Are paid solely by way of commission
Wages as defined by section 3306(b), internal revenue code of 1986.

Annual Federal Unemployment Tax (FUTA, Form 940) return is due January 31 for the prior calendar year.

- If your state unemployment insurance is paid by January 31, then you can receive up to a 90% credit against your FUTA tax
- FUTA rate minus Credit = Final FUTA rate
- Example:
  
  6% FUTA tax - 5.4% credit for timely payment of state unemployment insurance = .6% final FUTA tax
UI Tax Rate Notice

• Rate notices will be mailed out in late November for the following calendar year.

• Employers have the right to appeal their rate determination within 30 days of notification.
Calculating Tax Rates

- New employers are assigned a rate based upon average rates of all employers in their respective industries.
- An “earned” rate is based upon payroll and is assigned January 1 of the year following the first full fiscal year (July 1 – June 30).
- Per Statute construction contractors who have operated in another state before coming to Utah will receive the maximum rate of 7.3%.
Formula for Calculating Experience Tax Rates

• Benefit Costs: Unemployment benefits paid to former employees that are charged to the employers account

• Taxable Wages: The taxable portion of each employees wages.
  
  *Taxable wage base is updated yearly*

  *Total wages are reported, but the amount in excess of the taxable wage base is not taxed*

• The Benefit Ratio: (Benefit Costs/Taxable wages) is calculated on the last four fiscal years.

  *A fiscal year is July 1 – June 30*
• **Reserve Factor:** The reserve factor is a multiplier (factor), which is adjusted up or down on an annual basis depending on the overall health of the UI Trust Fund balance.

• **Social Costs:** The Social Costs are those Benefit Costs that are not attributed to a specific employer.

• **Surcharge:** A 1% surcharge is added to the overall rate if the employer owes contribution for the prior fiscal year.
Quarterly taxable wage $4,550 x 0.034 = $154.70 (quarterly tax)
Due Dates and Filing Methods

- Due dates to report quarterly wages and pay quarterly taxes:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Paid From</th>
<th>Report Due By:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter wages</td>
<td>January – March</td>
<td>April 30</td>
</tr>
<tr>
<td>2nd Quarter wages</td>
<td>April – June</td>
<td>July 31</td>
</tr>
<tr>
<td>3rd Quarter wages</td>
<td>July – September</td>
<td>October 31</td>
</tr>
<tr>
<td>4th Quarter wages</td>
<td>October – December</td>
<td>January 31</td>
</tr>
</tbody>
</table>

- File online (required) [https://jobs.utah.gov/ui/employer/login.aspx](https://jobs.utah.gov/ui/employer/login.aspx)
Online filing is the required method for filing quarterly reports.
Two determinations of eligibility:
• Monetary determination
• Non-monetary determinations

Claims are filed online (required) at:
• jobs.utah.gov
Eligibility for UI Benefits: Weekly Benefit Amount (WBA)

- Maximum and minimum WBA amounts are adjusted each year
- Maximum duration = 26 weeks
- Minimum duration = 10 weeks
- Claimants certify eligibility every week
Eligibility for UI Benefits: Non-Monetary Determinations

• Able and available to work
• Separations:
  - Reduction in force
  - Voluntary quit
  - Discharge
• Suitable work
• Separation Payments
Eligibility for UI Benefits: Able to Work

- Must be physically and mentally able to perform work in normal occupation
- Must be readily available to accept and start a full time job
Claimants are required to make an active work search of at least four (4) NEW contacts each week.

Exceptions may be granted to the work search requirement for:
- Attached union members
- Job attached (will begin employment within 3 weeks)
- Special circumstances for school/ training attendance related to department approved training programs
Eligibility for UI Benefits: Voluntary Quit

• Voluntary quit is if the employee was the moving party in ending the employment relationship.

• Employee (claimant) has the burden of meeting one of two different standards:
  - Good cause
  - Equity and good conscience
A separation is considered discharge when:

- The employer is the moving party causing the separation
- Employers have the burden of proving the following elements:
  - Culpability
  - Knowledge
  - Control
Eligibility for UI Benefits: Discharge for a Crime

In Utah, being discharged for crime will result in a mandatory 52 week disqualification for the claimant and removal of the impacted employers’ wages from the monetary calculation of Unemployment Benefits.
Eligibility for UI Benefits: Suitable Work and Part-time Employees

Things to consider regarding suitable work:
• Wages
• Location of work
• Prior experience and skill
• Working conditions, including hours of work

• Claimants who continue to work part-time may be entitled to benefits
• Wages earned must be reported every week
• The employer may be relieved of charges if the employee’s hours have not been reduced
• Employers are not eligible for relief of charges for employees working “on call”
Separation Payments

Types of separation pay:
- Vacation
- Severance
- Payments for remaining on the job
Report claimant’s non-compliance. Sometimes referred to as fraud:

- Online: [jobs.utah.gov/ui/fraud/uifraud.html](http://jobs.utah.gov/ui/fraud/uifraud.html)
- Employer line: 801-526-4400 or 888-848-0688, opt 2, then 3
- Fax the information to 801-526-9800 or 801-526-4402
- Include as much information as possible about the claimant and the potential activity that would be disqualifying.
Non-Compliance or Fraud Examples

- Failure to report work or earnings
- Identity theft
- Inability to work
- Failure to look for or apply for work
- Refusing a job offer
- Working “under the table”
- Failure to report a separation
- Self employment/contract work
Recommendations for Controlling Costs
Steps to Take Prior to Separation

• Hire right! (check references)
• Give employee job description and outline expectations
• Develop clear statements of policy
• Monitor employee performance
• Discuss issues/concerns when they occur
• Keep accurate notes
• Be consistent in disciplinary actions
Recommendations for Controlling Costs

Helpful Hints for Discharge

- Employee resigns, rescinds and employer refuses
- Employee quits in lieu of discharge
- Employer waits to discharge
- Employer has ROF and poor performers go first
- When firing, don’t “beat around the bush”
Recommendations for Controlling Costs

Disagree with a Decision? File an Appeal

- Appeal before the deadline found on the original department determination
- Verify your participation at least 24 hours prior to the hearing
- Invite witnesses that have first hand knowledge
- Provide documents to all parties before the hearing
- The administrative law judge is an impartial fact seeker
It is critical that employers respond to all requests for information as quickly as possible.
KEEPING UTAH’S ECONOMY STRONG

We collect employer contributions through the state’s unemployment program to bridge the gap for workers who are unemployed through no fault of their own.

Learn More

Employers

File tax and new hire reports, make online payments, respond to claims and manage your account.

Learn More

Claimants

File a new or weekly unemployment claim, manage your benefits and find answers to your questions.

Learn More

Am I Eligible?

Determine if you are eligible to receive unemployment benefits.

Learn More

Overview

Learn more about how the Unemployment Insurance program helps Utah’s economy strong.

Learn More
Employer Web Page 2
Questions?

UI BENEFITS
Claim Filing and Separation Requests:
jobs.utah.gov/ui

Report Fraud:
801-526-4400 or 888-848-0688, option 2, then 3
jobs.utah.gov/ui/fraud/uifraud.html

UI CONTRIBUTIONS
Quarterly Tax Filing:
jobs.utah.gov/ui/employer/employerhome.aspx

Tax rates, subject wages and New Hire reporting:
801-526-9235