

CONTROLLING UNEMPLOYMENT TAX COSTS FOR EMPLOYERS

As an employer, you can control your unemployment tax costs through the following ways:

- Review your personnel practices
- Monitor benefit notices and charges
- File reports timely
- Pay taxes timely
- File proper wage lists
- Don't misclassify workers

It is important to understand your unemployment tax rate calculation. **Your overall tax rate is calculated as follows:**

$$\frac{\text{BENEFIT COSTS}}{\text{TOTAL TAXABLE WAGES}} \times \text{RESERVE FACTOR} + \text{SOCIAL TAX} = \text{OVERALL TAX RATE}$$

Make every effort to keep benefit costs to a minimum.



REVIEW YOUR PERSONNEL PRACTICES

- Screen applicants to be sure they are properly suited for the work
- Have clear written statements of policy and rules concerning employee conduct at work
- Monitor new employee's progress carefully
- Keep accurate records of attendance, tardiness, and all warnings given
- Do not condone rule violations. Be consistent in disciplinary actions
- Conduct exit interviews and document the reason for separation



MONITOR BENEFIT NOTICES & CHARGES

- Be specific in providing separation explanations to Unemployment Insurance
- Carefully read and reply to all notices concerning benefit claims and requests for information
- Report vacation, separation, retirement, or pension payments
- Mail all appeals within the period provided by law
- Attend all appeal hearings and present factual information and evidence
- Offer open jobs to laid-off employees or contact other employers to help find work for them

FILE REPORTS TIMELY

An employer's unemployment tax reports that are not filed timely are subject to a late filing penalty:

# of Days Late	Penalty
0-15	5% of the tax due
16-30	10% of the tax due
31-45	15% of the tax due
46-60	20% of the tax due
Over 60 days	25% of the tax due

The minimum penalty is \$25.

Make every effort to pay the taxes when they are due. If you do not have the money, file the report timely without payment and include a proposed payment schedule. You will not be assessed the filing penalty if the report is received timely. **File reports online at jobs.utah.gov/ui/employer.**

PAY TAXES TIMELY

Unemployment taxes that are not paid timely are assessed interest at the rate of 1% per month. If payment or satisfactory payment arrangements are not made within 10 days after the first billing notice is sent, an additional payment penalty of 5% is assessed. There is also a 1% surcharge added to your unemployment tax rate if any contributions are owing for the past fiscal year, July 1 through June 30.

Make every effort to pay your unemployment taxes when they are due. If you cannot do so, promptly contact Unemployment Insurance and make payment arrangements. You will still be charged interest on the unpaid balance, but you will not be

charged the payment penalty and we generally will not file a lien if payment arrangements are current.

Additionally, you will receive a 5.4% credit against your federal unemployment tax of 6% if you pay all your state unemployment insurance taxes by January 31. **Pay taxes online at jobs.utah.gov/ui/employer.**

FILE PROPER WAGE LISTS

Your quarterly employee wage lists must be filed online. Failure to do so may result in the assessment of a \$50 wage list penalty.

File your wage lists online to ensure they meet Unemployment Insurance criteria.

DON'T MISCLASSIFY WORKERS

Individuals may be classified as independent contractors and excluded from unemployment tax coverage if they meet two criteria:

1. The individual is 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

2. The individual has been and will continue to be free from your control or direction.

Make certain that workers not on your payroll are independently established in their own business. A simple test is to ask one question: "What will their status be when they are finished working for you?" If the answer is **unemployed**, that's a good indication that they are **not** independently established.



HAVE QUESTIONS?

If you have any unemployment benefit or tax questions, please call **801-526-9235** or toll free **1-800-222-2857** or visit **jobs.utah.gov/ui**.