Pennsylvania's Unemployment Compensation Programs...

# **UC** Issues Update



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### **Important UC Tax Facts for 2012**

The Office of Unemployment Compensation Tax Services has issued the Pennsylvania Unemployment Compensation, or UC, Contribution Rate Notice for calendar year 2012, Form UC-657, with a mailing date of Feb. 29, 2012. Employers who received their 2012 UC Contribution Rate Notice with this mailing date will have the following important tax deadlines:

- May 29, 2012, is the last day to file a timely rate appeal if an employer disagrees with the contribution rate
  reflected on the Contribution Rate Notice. (A timely rate appeal must be filed within 90 days of the mailing
  date of the Contribution Rate Notice. However, when the due date falls on a Saturday, Sunday or legal
  holiday, an appeal will be considered timely if it is postmarked by the next business day.)
- April 30, 2012, is the last day to file a timely election for a Debit Reserve Account Balance Adjustment
  Refer to the reverse side of your 2012 Contribution Rate Notice for
  a more detailed explanation of the above-mentioned deadlines.

Employers who receive Form UC-657 with a mailing date other than Feb. 29, 2012, will need to adjust these deadlines according to the instructions on the reverse side of the form.

Interest is charged on unpaid contributions from the date contributions are due until the date paid. Both employer and employee contributions are subject to interest charges if paid after the due date. For 2012, the rate of interest is 0.75 percent for each month or fraction of a month (9 percent annually) that contributions are outstanding after the due date. Interest charges will continue to accrue on any unpaid contributions until paid in full.

The following solvency measures will be in effect for 2012:

## **Employer Taxes**

A 5.8 percent (.058) surcharge on employer contributions. The surcharge adjustment is computed by multiplying your basic rate by the 5.8 percent surcharge. This tax does not apply to reimbursable employers.

A 0.65 percent (.0065) additional employer contribution tax. The additional contribution tax is added to your tax rate as adjusted by the surcharge. This tax is not applicable to non-delinquent newly liable and reimbursable employers.

A 0.20 percent (.0020) interest factor tax. The interest factor is established by the UC Law to fund the payment of interest on federal loans. This tax is not applicable to non-delinquent newly liable employers. The interest factor is not credited to the employer's reserve account nor considered for federal certifications.

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#### **Employer Taxes Example:**

Basic Rate	Surcharge	Additional Contributions		Interest Factor		2012 Total Contribution Rate
.0210	+ (.0210 x .058 = .001218)	.0065	+	.0020	=	.030718

#### **Employee Contributions**

A .08 percent (.0008) tax on employee wages, or 80 cents on each \$1,000 paid. Employee withholding contributions are submitted with each UC-2/2A quarterly report. Employee withholding applies to the total wages paid in 2012. It is not limited to the \$8,000 taxable wage base for employer contributions. Failure to withhold or remit this employee tax could result in interest charges and may affect your contribution rate for subsequent years.

Information on penalties and interest for unpaid UC taxes will be available online in the near future at www.dli.state.pa.us. To access this information, select "Employers," then "Unemployment Compensation," then "UC Tax Information," and then select "Penalties & Interest."

If you have any questions concerning this information, please contact the Employer Contact Center at 866-403-6163, or within the Harrisburg area at 717-787-7679, Monday through Friday from 7 a.m. until 5 p.m.

#### **New Work Search Requirement**

Pennsylvania's UC law recently added new eligibility requirements for claimants who establish new UC claims effective Jan. 1, 2012, or later. Claimants are now required to (1) register for employment search services with the Pennsylvania CareerLink® system within 30 days after filing an application for benefits, (2) conduct an active search for work beginning with the third consecutive week of the claimant's benefit year, and (3) keep a record of work search activities and provide the record to the department when requested to do so. However, claimants that have been provided with a specific date of recall in writing by their employer are exempt from the registration and active search for work requirements during the period of time preceding the recall date, as long as the recall date remains in effect.

While the claimant will be required to keep a record of the name and contact information of the employer with whom they inquired about employment, the employer is not required to keep a record of the claimant's inquiry.

#### Mandatory Electronic Filing Delayed

Because the new Unemployment Compensation Management System (UCMS) is not yet available, employers and employer representatives should continue to file quarterly reports - including reports for the quarter ending March 31, 2012 - using magnetic media or e-TIDES at www.etides.state.pa.us until further notice.

**Note:** New e-TIDES registrations for UC are no longer being accepted by the Department of Labor & Industry. The department is accepting paper UC-2/2A forms and magnetic media for UC-2A wage information.

All employers and their representatives will be notified when the new UC system becomes available. At that time, paper forms will be phased out and employers will be able to register to file quarterly UC wage and tax reports electronically. This supports the efforts of the new UC tax system to standardize the collection

#### **Mandatory Electronic Filing Delayed** from page 2

of wage data and employer contributions, increase employer self-service options, improve the accuracy of data and make processing more efficient and less expensive to employers and the commonwealth.

For more information on the new UC tax system, visit the UCMS web page, or call the Employer Contact Center at 866-403-6163 or within the Harrisburg area 717-787-7679. Employer questions regarding the new UC tax system should be submitted via email to uc-news@pa.gov.

## **Employers: Did You Know That You Can Post Job Openings For Free?**

Pennsylvania CareerLink® can help you and your business in many different ways.

As an employer, you can establish a company profile in CWDS that will enable you to:

- · Create, manage and monitor job postings;
- Receive and review resumes from qualified applicants in your particular area or region;
- Display your company logo and create a link to your website; and
- Register online for workshops, job fairs and other events.

Other services offered through CWDS include:

- Browsing our database for potential employees;
- Researching current economic and labor market information;
- Obtaining information on business assistance programs, licenses and permits, workforce programs, and other economic development assistance; and
- Viewing events sponsored through CWDS, many of which are for the general public with no registration required.

To learn more, please visit www.pacareerlink.state.pa.us and click on the "Employer" section. You may also visit the Pennsylvania Center for Workforce Information & Analysis website, www.paworkstats.state.pa.us, to access labor market information including wage data by industry and occupation, current and future employment trends, school-to-work transitioning information and more.

### **Questions & Answers**

Question: I closed my business and have a positive reserve account balance. How do I get my money back?

Answer: A reserve account is established for every employer in accordance with Section 302 of the PA UC Law. The reserve account is credited with all contributions the employer pays into the UC Fund and charged with all benefit payments from the Fund that are based on wages paid by the employer. The reserve account balance (RAB) is determined by subtracting the amount of benefits charged to the account from the amount of contributions credited to the account, over the lifetime of the employment. If the amount of contributions the employer has paid exceeds the amount of benefit charges the employer has incurred, the RAB will be a positive number. The RAB is part of the formula used to determine an employer's contribution rate and is calculated solely for that purpose. A positive RAB is not an amount of money or an asset belonging to the employer. Section 302(e) specifically prohibits the withdrawal of any balance in an employer's reserve account. Therefore, you are not entitled to a refund of your positive RAB.

Moreover, even though you have closed your business, your reserve account remains on record until you have not paid wages for four consecutive fiscal years (July 1 – June 30). If you resume your business within that time period, and your UC employer experience has not been transferred to a successor, your reserve account and RAB will be reactivated.

## Coming Soon - Unemployment Compensation Management System (UCMS)

Offering secure, real-time, 24-hour access to employer account data.

**ONLINE SELF-SERVICE** for employers and third party administrators (TPA).

TPAs CAN PRE-FILE client information to ensure data integrity.

**SUBMIT** quarterly reports and payments online for any quarter.

**IMMEDIATE** calculation of contributions due for online filers.

#### Additional features you asked for:

**ONLINE TOOLS** to calculate employer contribution rates.

**APPLY CREDITS** to outstanding receivables such as contributions, fees, interest and penalties.

**SUBMIT** tax rate appeals and inquiries.

**REQUEST** direct deposit of refunds.

**SELF SERVICE** view into financial information; view payment and refund histories.

**PROFESSIONAL EMPLOYER ORGANIZATIONS** can file quarterly client reports online anytime after completion of a quarter.

## You will be able to sign up in the near future for UCMS.

You will need your
Unemployment Compensation

(UC) tax account information, Federal Employer ID Number & knowledge of your filing history
for security purposes.
Select Employer Services at
www.uc.pa.gov.

*UC Issues Update* is published by the Pennsylvania Department of Labor & Industry on a quarterly basis. Questions, comments and feedback can be sent via email to <u>uc-news@state.pa.us</u>. General UC Tax information is available by calling 717-787-7679 or outside of the Harrisburg area, toll free 866-403-6163 from 8 a.m. to 4:30 p.m. If you have questions regarding UC benefit charges to your account, please call 717-787-4677 from 8 a.m. to 4:30 p.m. If you suspect fraud, contact 800-692-7469.

Auxiliary aids and services are available upon request to individuals with disabilities. Equal Opportunity Employer/Program