



Florida Department Of Revenue
Tax Information Publication

TIP

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UNEMPLOYMENT TAX CHANGES TO RATE CALCULATION AND TAXABLE WAGE BASE

A new law (CS/HB 7033) makes changes to Florida unemployment tax law that:

- Adjusts the tax rate calculation through 2011;
- Reduces the taxable wage base from \$8,500 to \$7,000 until 2012; and
- Allows employers to make quarterly installment payments for the first three quarters of 2010 and 2011.

The changes affect all contributory employers. A contributory employer is an employer that calculates its quarterly unemployment tax due by multiplying its taxable wages by its tax rate. Throughout this Tax Information Publication (TIP), “employer” means contributory employer.

Change to Rate Calculation

Changes to certain factors used in the 2010 tax rate calculation have been postponed until 2012. The Department of Revenue will mail a new 2010 *Unemployment Compensation Tax Rate Notice* (Form UCT-20) to each employer by late March. This mailing replaces the UCT-20 notices mailed in December 2009. Generally, employers with the Minimum Tax Rate (Reason Code D) or an Earned Tax Rate (Reason Code G) will see a decreased rate. No rates will increase because of this legislation.

Change to Taxable Wage Base

The amount of wages per employee subject to unemployment tax (the taxable wage base) was \$7,000 in 2009. The taxable wage base was scheduled to increase to \$8,500 in calendar year 2010. The new law keeps the taxable wage base at \$7,000 for 2010 and 2011. It will increase to \$8,500 in the years 2012 through at least 2014.

The State of Florida has been borrowing funds from the federal government to pay unemployment compensation benefits since the state trust fund was depleted in 2009. If the state has not fully repaid the principal of the loans by the end of 2014, the taxable wage base will remain \$8,500 until the federal loans have been fully repaid.

Installment Payment Options

Typically, the *Employer's Quarterly Report* (Form UCT-6) and full payment of the quarterly tax are due by April 30, July 31, October 31, and January 31 (of the following year). The new law allows employers to make installment payments for the first three quarters in 2010 and 2011 if the UCT-6 and installment payment are submitted on time. An employer who chooses to pay in installments must pay **an installment fee of \$5.00 one time per calendar year**, with the UCT-6 for the quarter in which the election for installments is made. The Department will provide several options for employers to submit the additional installment payments.

Here's how the installment option will work:

The tax amount due with the **first** quarterly unemployment tax report (quarter ending March 31 and due by April 30), may be paid in **four equal payments** using these dates:

1. April 30 – Installment payment and Form UCT-6 must be submitted on time.
2. July 31
3. October 31
4. December 31

The tax amount due with the **second** quarterly unemployment tax report (quarter ending June 30 and due by July 31), may be paid in **three equal payments** using these dates:

1. July 31 - Installment payment and UCT-6 must be submitted on time.
2. October 31
3. December 31

The tax amount due with the **third** quarterly unemployment tax report (quarter ending September 30, and due by October 31), may be paid in **two equal payments** using these dates:

1. October 31 - Installment payment and UCT-6 must be submitted on time.
2. December 31

The installment method does not apply to the fourth quarter ending December 31. The entire amount of tax due for the fourth quarter of each year is due by January 31 of the following year.

Employers who are required to file and pay electronically must also submit installment payments electronically.

If an employer becomes liable to file and pay unemployment tax after the first quarter of 2010 or 2011 and wants to pay by the installment method, the employer must submit the \$5.00 installment fee and the correct installment payment with the first *Employer's Quarterly Return* (Form UCT-6) filed.

If an employer files Form UCT-6 and makes the installment payments in full and on time every quarter, no interest will be due. If any of the installment payments for any of the first three quarters are not paid on time and in full, the employer has not met the requirements of the law. Interest and fees will be due on all tax amounts not paid for that quarter by the installment due date. Penalties may also be assessed.

The employer may pay **more** than the minimum tax due with any installment payment. If an installment payment is **less** than the required amount, the Department will calculate interest on the underpayment and bill the employer. Payments made using the installment method do not change the original due date of the *Employer's Quarterly Report* (Form UCT-6).

Employers may wish to sign up for the Department's due date reminder service, where we send e-mail notices of upcoming due dates. Look for the "Subscribe to Our Publications" link on our website.

Special Annual Assessment for Federal Interest

As mentioned earlier, the State of Florida borrowed funds from the federal government for the Unemployment Compensation Trust Fund so the state could continue to pay unemployment compensation benefits. The state will continue to borrow funds from the federal government until collections can fund benefit payments. The state must pay interest on these loans unless the federal government waives the annual interest obligation. If the state owes interest, all contributory employers will have to pay a share of the federal interest bill. If this occurs, employers will be notified.

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at www.myflorida.com/dor or call Taxpayer Services, 8:00 a.m. to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 5050 West Tennessee Street, Building L, Tallahassee, FL 32399-0112.

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