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UNEMPLOYMENT COMPENSATION TAX RELIEF IS HERE – NOW WHAT?

Florida Governor Charlie Crist signed the unemployment compensation tax relief bill into law on March 10, 2010. This bill was absolutely critical for Florida's business community to avoid unprecedented increases in unemployment taxes. This new law does 3 main things:

- Lowers unemployment tax rate calculations for 2 years;
- Reduces the taxable wage base from \$8,500 back down to \$7,000; and
- Allows businesses to pay their unemployment taxes in quarterly installments.

These changes take effect beginning with the first quarter's unemployment tax (1/1/10–3/31/10), which would normally be due by April 30th. Under the new law, the minimum rate will be \$25.20 per employee per year. Without this law, the minimum rate was going to be \$100.30 per employee.

Tax Rates: The Florida Department of Revenue (DOR) has updated all employers' accounts with the new, lower tax rates, and DOR will mail a new 2010 Unemployment Compensation Tax Rate Notice to each employer by March 29. This will replace the prior Tax Rate Notice you received in December.

If you'd like to get your new tax rate now instead of waiting for the notice from DOR, you can find out the rate for your business over the phone. You will need to provide your 7-digit Employer Account Number (found on your Unemployment Compensation Tax Rate Notice and called "UT Account Number") and your Federal Employer

Identification Number (FEIN). Please follow the prompts exactly as shown below:

- Call the Florida DOR at 800-352-3671 and listen to the options. (Do not select the first option that says "If you are calling about your unemployment tax rate for calendar year 2010..." This option only provides general information about the law change.)
- Select "For general information on taxes, registration of taxes...." [Press 2]
- Select "For registration information or unemployment tax rate issues." [Press 4]
- Select "For information on tax rate inquiries." [Press 2]
- Select "To access your unemployment tax rate for the current calendar year." [Press 1]
- Enter your 7-digit unemployment tax account number and FEIN to get your new rate for 2010.

Installment Payments: Typically, your Employer's Quarterly Report (UCT-6) and full payment of the quarterly tax are both due to the DOR by April 30th, July 31st, October 31st, and January 31st (of the following year). The new law allows employers to make installment payments for the first 3 quarters for **both** 2010 and 2011. There is a one-time, once-a-year \$5 fee if you choose the installment method. You will pay the \$5 fee with your first installment payment. Here's how the installment option works: The tax amount due with the first quarter's unemployment tax report (for the quarter ending March 31st) may be paid in 4 equal payments on these dates:

- April 30 (1st installment payment and UCT-6 Form due by this date.)
- July 31 (2nd installment payment)
- October 31 (3rd installment payment)
- December 31 (4th installment payment)

The tax amount due with the second quarter's unemployment tax report (for the quarter ending June 30th) may be paid in 3 equal payments on these dates:

- July 31 (1st installment payment and UCT-6 Form due on this date.)
- October 31 (2nd installment payment)
- December 31 (3rd installment payment)

The tax amount due with the third quarter's unemployment tax report (for the quarter ending September 30th) may be paid in 2 equal payments on these dates:

- October 31 (1st installment and UCT-6 Form due on this date).
- December 31

The installment method is not available for the taxes due (if any) for the fourth quarter ending December 31st. The entire amount of tax due for the fourth quarter is due by January 31st of the following year.

If any of the installment payments for any of the first 3 quarters are not paid on time and in full, you will be subject to interest and penalties.

The DOR is preparing to mail Employer's Quarterly Reports (UCT-6) and instructions to all employers who file their unemployment taxes on a paper report. The UCT-6 report, payment (or 1st installment if you choose to pay via installments) and installment fee of \$5 (if applicable) are due back to DOR by April 30th. For those employers who file and pay their unemployment taxes electronically on the Internet (required for all employers with 10 or more employees), you will be able to submit your UCT-6 report, payment (or 1st installment if you choose to pay via installments), and \$5 installment fee (if applicable) beginning April 1st.

The DOR has prepared an Installment Option Calculations worksheet that takes a hypothetical tax bill of \$1,000 and shows the detail on the quarterly payments throughout the calendar year. If you'd like a copy of this document, please go to the Small Business Alert section of FUBA.org on the left side of the screen. Click on "Example of UC Tax Installment Options." Or, you can call the

FUBA offices at 800-262-4483 and ask for Karen or Lance.

ATTENTION CONTRACTORS WITH WORKERS' COMP EXEMPTIONS

Do you have a workers' compensation exemption? If so, you should be aware of a company called **All Florida Firm**. This company preys on businesses whose officers/owners have exemptions from workers' comp that are coming up for renewal. They send official-looking mail pieces promising to help "expedite" the renewal of your exemption for a fee of \$50 for each exemption. Don't waste your money! All this company does is fill out paperwork, which you can do yourself for free. Plus, even if this company does fill out the paperwork, you still have to pay the state \$50 for each exemption renewal, which means the exemption ends up costing you twice as much. This company also tries to trick you into designating them as your company's new registered agent, which would mean they would receive all your legal mail, and they charge you other fees for this service. If you have any questions about how to renew your exemption, you can always call the FUBA offices at 800-262-4483 and ask for Karen, Lance or Erin.

WORKERS' COMP SEMINARS

The state Division of Workers' Compensation is offering another series of workers' compensation classes during the next few months. Seminars are free and open to all business owners, licensed contractors and employers. Licensed contractors can even receive continuing education credits for their attendance. The schedule for April is:

- Miami, April 19th
- Ft. Myers, April 27th
- Tallahassee, April 29th

For a registration form, or for more information about these seminars, please go to the Small Business Alert section of FUBA.org and click on "Free Workers' Comp Seminars." Or, you can call our offices at 800-262-4483 and ask for Erin.