

### JANUARY 2013

### Volume XXIII, No. 1

#### **ATTENTION LIMITED LIABILITY COMPANIES (LLC'S): WORKERS' COMP EXEMPTION UPDATE**

Effective July 1, 2013, owners of limited liability companies (LLC's) that are in all industries except construction will be treated for workers' compensation purposes just like corporate officers. This means non-construction LLC owners will be subject to workers' compensation coverage unless they file and receive an exemption from the state.

The state Division of Workers' Compensation is offering a free series of webinars to explain these changes, including:

- Changes to Florida law which will treat Limited Liability Company (LLC) members as employees
- Requirements for Members of non-construction LLC's to be in compliance with the workers' compensation law
- Filing for an exemption from the workers' compensation coverage requirements

The seminars are presented as webinars, where you use your own computer to view the presentation and call in on your telephone. The content in each seminar is identical, and all times given are in Eastern Time. Seminar dates are:

- January 10, 2013  
10:00 a.m.
- January 15, 2013  
2:00 p.m.
- January 24, 2013  
10:00 a.m.
- January 31, 2013  
2:00 p.m.
- February 7, 2013  
10:00 a.m.

- February 12, 2013  
2:00 p.m.
- February 21, 2013  
2:00 p.m.
- February 26, 2013  
10:00 a.m.

Seminars are open to all interested parties, including members of non-construction LLC's, insurance agents, accountants, and business advisors. Advance registration is required. To register:

1. Go to <https://suncom.webex.com>
2. Click on the "Training Center" tab
3. Go to the "Daily" tab and search for the date that you want to attend (dates and times are listed in the sidebar)
4. Look for "Workers' Compensation LLC Law Changes"
5. Click "Register" and complete the form.

If you have any questions, you can email [bocseminars@MyFloridaCFO.com](mailto:bocseminars@MyFloridaCFO.com) or call (813) 221-6518.

#### **UNEMPLOYMENT TAX UPDATE**

**State of Florida Unemployment Tax:** The State of Florida pays reemployment assistance benefits (formerly known as "unemployment compensation benefits") to qualified claimants using monies from the UC Trust Fund, which is funded by the reemployment tax (formerly called "unemployment tax") paid by Florida employers.

Florida law is designed to adjust the reemployment tax rates each year to maintain the balance in the Trust Fund. In August 2009, the Trust Fund became insolvent, and the balance fell to zero. When the amount in

the Trust Fund falls below a specific amount set by law, it triggers an automatic increase in tax rates to recoup the funds necessary to reach required funding levels. This is the reason Florida employers have been paying increased reemployment (unemployment) taxes the last several years.

In 2012, the Florida Legislature made two changes that affect the amount of reemployment tax businesses will have to pay in 2013. The Legislature reduced the increase in tax rates by extending the time period to replenish the Trust Fund from 3 years to 5 years. The Legislature also reduced the taxable wage base to \$8,000 effective January 1, 2012 through 2014. The wage base is the amount of each employee's wages that is subject to reemployment tax.

Because of these 2 changes, most employers will see a decrease in their Florida reemployment taxes for 2013. The minimum tax rate will be \$81.60 per employee (down \$40 from last year), while the maximum rate will stay the same at \$432 per employee.

Reemployment tax rates increase for those employers that have benefit charges (i.e., former employees who have received benefits in the last year). Generally, the more benefits paid, the higher the tax rate. Rates for employers can increase up to the maximum rate of 5.4% per year. When an employer's tax rate has reached 5.4%, any additional benefit charges that are not recouped by the 5.4% tax rate are spread across all employers.

You should have already received your reemployment tax rate notice from the Florida Department of Revenue regarding your tax rate for 2013. This tax rate will be effective for wages paid on or after January 1, 2013, and your first reemployment tax return for the first quarter of 2013 will be due by April 30, 2013.

**Interest Payments:** For the last 2 years, Florida employers have had to make once a year payments to the Florida Department

of Revenue to pay their share of the interest due on the outstanding loans to the federal government. These payments were due in June. Good news: the state is estimating that there will be no interest payment due in 2013 because the state will have fully paid back the loans by May 2013.

**Federal Unemployment Tax:** Federal Unemployment Tax (FUTA tax) is figured quarterly, but the FUTA tax return (IRS Form 940) is filed only once a year.

Because Florida still has outstanding loans from the federal government that we haven't paid back, Florida employers will incur a 0.6% reduction in the amount of credit they can take against their 2013 Annual Federal Unemployment Tax due January 2013. The credit against federal unemployment tax will decrease for 5.1% to 4.8% effective January 1st.

This means you may have to pay more FUTA tax when you file your Form 940 for 2012. Check the box on line 2 of the Form 940 and fill out Schedule A (Form 940) to determine how much additional tax you owe due to the credit reduction.

### **IRS MILEAGE RATE INCREASING FOR 2013**

The Internal Revenue Service (IRS) recently announced the standard mileage rates for the use of a car or other vehicle for business purposes. For calendar year 2013, the rate will increase to 56.5 which is an increase of one penny over the rate for 2012.

The standard mileage rate set by the IRS is used by many businesses to reimburse employees for mileage travelled in their personal vehicles for business reasons. Businesses always have the option not to use this standard rate and instead calculate the actual costs of using a vehicle for business purposes and reimbursing their employees for that cost.