

MARCH 2010
Volume XX, No. 3

UNEMPLOYMENT COMPENSATION TAX RELIEF IS ON THE WAY

We have good news to report: Thanks to the many FUBA members and other employers who have voiced their opposition to dramatically higher unemployment taxes, the Florida Legislature is expected to pass special legislation to delay the scheduled tax increases. As this newsletter went to press, the bill had been heard in one committee in the House of Representatives and was already scheduled for debate in the Senate. Legislative leaders have promised to pass the bill out during their first week in Session, which is the first week of March.

By the time you read this, the bill may already be on its way to Governor Crist, who has pledged to sign it into law. Here's what the bill does:

- For 2 years, 2010 and 2011, it reduces back to \$7,000 the amount of each employee's wages subject to the tax. (It was scheduled to be \$8,500 for 5 years starting in 2010.)
- For 2 years, 2010 and 2011, it eliminates the automatic tax increases triggered by the low balances in the Unemployment Compensation Trust Fund.
- It establishes a quarterly payment plan for 2010 and 2011 that allows employers to spread out their unemployment compensation tax payments for the first 3 quarters over the entire calendar year without being subject to penalties or interest. For example, for taxes due for the first quarter of 2010, instead of paying the full amount by April 30th, employers will be allowed to pay 25% of their tax due on or before April 30th, 2010. An additional 25% will be due July 31st; 25% by October 31st; and the remaining 25% by December 31st.

Employers at the minimum unemployment tax rate were going to see their bill go up from \$8.40 per employee per year to \$100.30 an employee per year. Now, under the new bill, employers at the minimum tax rate will go from \$8.40 to \$25.20 per employee per year.

Employers, especially those who had to lay off workers during the last year, will still see their taxes go up; however, the tax increase is intended to be much smaller and more manageable for small businesses under the special legislation.

Once the bill becomes law, the Department of Revenue will be mailing new tax notices. You can ignore the tax notice you received from DOR in December – you will not be required to pay the rate indicated on that form. Your new, lower rate will be mailed to you in early March.

Thank you again to those FUBA members who called or emailed us with their input on the skyrocketing unemployment taxes in Florida. For updates, please watch the FUBA newsletter and the FUBA website at www.fuba.org. If you have any questions, please feel free to email us at fuba@fuba.org or call the FUBA offices and ask for Karen or Lance.

VERIFY YOUR WORKERS' CLASSIFICATION FOR UNEMPLOYMENT TAX PURPOSES

Employers need to understand how to determine whether a worker is an employee or an independent contractor so they correctly include all employees on their Employer's Quarterly Report (Form UCT-6), which is the required quarterly return for state unemployment taxes.

An **employee** is subject to the will and control of the employer. The employer decides what

work the employee will do and how the employee will do it. An officer of a corporation who performs services for the corporation is an employee, regardless of whether the officer receives a salary or other compensation.

An **independent contractor** is **not** subject to the will and control of the employer. The employer can decide what results are expected from the independent contractor, but cannot control the methods used to accomplish those results.

How the business treats the worker determines whether the worker is an employee or independent contractor. Issuing someone a 1099 form does not guarantee that person is an independent contractor. Misclassification of workers is not just a tax reporting issue; it can also affect unemployment claims. If a person files a claim for unemployment compensation and the employer has not been including the person on the company's quarterly report (UCT-6), this can cause a delay in benefit payments.

To report workers who should have been reported as employees but who were left off a UCT-6, a business needs to file a Correction to Employer's Quarterly Report (Form UCT-8A) and pay all additional tax and interest due. The Department of Revenue can require an employer to file amended returns as far back as 5 years.

ATTENTION CORPORATIONS & LLC'S: FILE YOUR ANNUAL REPORT NOW!

Just another reminder that all corporations (INC) and limited liability companies (LLC) must file their Annual Report with the Florida Department of State by May 1st to maintain an active status with the Florida Department of State. You can list any new owners/officers of your company on the Annual Report; if your company has officers needing an exemption from workers' compensation, they cannot receive their exemption until they are listed as an officer on the State's database.

To file your Annual Report, go to the Division of Corporations' website at www.sunbiz.org. From here, you can search for your company's name and fill out the Annual Report on your computer.

Consumer Alert: Please beware of emails sent to you from "Florida Online Corporate Annual Report Filings." These emails "invite" you to file your 2010 Annual Report from its website, and these emails are confusingly similar to the official message sent via email to all corporations and LLC's by the Division of Corporations. Please do not be misled by these emails; they are not legitimate. Make sure you are on the official Department of State, Division of Corporations website at www.sunbiz.org when you file the 2010 Annual Report.

If you have questions about filing your Annual Report, please call the FUBA offices at 1-800-262-4483 and ask for Erin, Lance or Karen.

SALES TAX COUPON BOOKS FOR 2010 HAVE BEEN MAILED

The Florida Department of Revenue ("DOR") has mailed sales tax coupon books for the year 2010 to businesses that file and pay their sales tax collections either monthly or quarterly. These coupon books contain tax returns and an annual resale certificate for 2010. Resale certificates allow you to avoid paying state sales tax on purchases for your business that you intend to re-sell and collect the sales tax upon the resale. The DOR mailed annual resale certificates to those businesses that file sales tax returns and remit sales tax electronically via the Internet, who do not get coupon books.

Some businesses may have received a DR-15EZ coupon book but cannot file a DR-15EZ return or prefer to file a DR-15 return instead. If you received a DR-15EZ book but need a DR-15 book instead, please contact the Department of Revenue. You can also ask them to block your account from receiving a DR-15EZ return in the future.

If you file your sales tax return by paper monthly or quarterly, and you have not received your 2010 sales tax coupon book or your 2010 annual resale certificate, please contact the Department of Revenue. If you file electronically and did not receive your 2010 annual resale certificate, please do the same. The toll-free number for DOR's Taxpayer Services is 800-352-3671.