

ARE YOU AN EMPLOYER REQUIRED TO PAY UNEMPLOYMENT INSURANCE TAXES?

Who is an Employer?

For unemployment insurance tax purposes, any person, firm, corporation, or other type of organization who hires individuals to perform services for them is an employer. In addition, you are an employer if you have employees and do any of the following:

- acquire a business
- are a non-profit organization
- form a joint venture
- are a political subdivision
- merge or affiliate to create a new entity
- elect coverage of excluded employment

Employment Security Tax

The Employment Security Tax Section of the Alaska Department of Labor is responsible for registering employers, for providing assistance and explanations to employers concerning the Unemployment Insurance tax program, and for the collection of Unemployment Insurance taxes.

Establishing a Tax Account

By law, an employer is required to:

- register with the department
- pay unemployment insurance taxes
- maintain accurate payroll records
- report changes in ownership
- file quarterly reports
- report a closure of business
- report changes in corporate executive officers

Wages

Wage mean "all remuneration for services." This includes:

- hourly pay
- salaries
- vacation pay
- cash paid instead of fringe benefits
- bonuses
- lump sum payments
- back pay & overtime paid in settlement of employee claims
- sick leave pay (unless paid out of a separate fund)
- tips (when employees report them to the employer)
- cash value of any medium other than cash

Do you have CONTRACT LABOR?

Contract labor is a term commonly used by employers to describe a worker who is "independent," i.e., not an employee. Alaska law requires scrutiny of the relationship between the employer and the contract laborer to determine if the worker is an employee for unemployment insurance purposes. Alaska law does not allow an employer and employee to enter into a contract labor agreement if the relationship is truly an employee-employer relationship that is covered by the Employment Security Act.

Alaska statutes give conditions for a worker to be excluded from coverage. As an employer, you need to understand the provisions of the law. Failure to report wages paid to an individual whose services do not meet all the conditions may result in additional taxes, interest, and penalties to you. The [Employer's Handbook](#) will provide helpful information concerning contract labor, or you can also call your nearest Field Tax Office.

What about CASUAL or DAY LABOR?

Casual labor or day labor is considered covered employment if the work performed is part of your usual trade or business, regardless of how short a time the employee works for you or how little the employee is paid.

What is excluded employment?

There are certain types of employment that are by law excluded from coverage for Unemployment Insurance taxes. One example of excluded employment is corporate executive officers of a corporation (this does not apply to non-profit corporations). The Employer Handbook explains other types of excluded employment. In most instances, coverage of excluded employment can be elected.

Need more information?

Contact the nearest Field Tax Office if you have questions. We can send you an employer packet that contains an Employer's Registration Form, an Employer Handbook, and other helpful information

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