



Alaska Employer

Newsletter

Unemployment Insurance



Alaska Department of Labor
and Workforce Development

Sean Parnell, Governor

Dianne Blumer, Commissioner

Paul Dick, Director

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Questions about your account or contributions?

Contacts

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Toll free 888.448.2937

Self-Employed? Are your Children and Spouse Reportable?

A spouse or child (child under age 18 or a full-time student under the age of 21 years) of a sole proprietor are not reported on the quarterly contribution report, unless the sole proprietor has elected coverage.

A spouse or child of a partnership is reportable even if the parent or child relationship exists between the employee and all or some of the partners.

A spouse or child who are not members of Limited Liability Company (LLC), but who perform services for the business **are reportable for** Unemployment Insurance (UI) tax purposes regardless of their filing status with the IRS.

Self-employment is not covered for UI purposes, nor can coverage be elected. Sole proprietors, partners and managing members of a LLC are considered self-employed and should not be listed on the quarterly contribution report.

Employee Advances: When are They Reportable?

Payroll advances made to employees are reportable in the calendar quarter in which they are paid, not when they are deducted from a subsequent payroll.

For example, an employee is paid an advance of \$100 on March 4 and the \$100 advance is later deducted from the employee's gross wages for payroll issued on April 1. The \$100 advance must be included in the "Total Reportable Wages" for the first quarter, as it was given to the employee on March 4. The balance of the gross wages for payroll issued on April 1 would be included on the report for the second quarter.

All remuneration for service is to be reported in the quarter in which payment is issued, not the date the employee pays it back or the date it is deducted from a paycheck.

Did You Know?

You can file your quarterly contribution report as soon as the quarter ends using Tax Online Services and warehouse your electronic payment until a future payment date. After submitting your quarterly contribution report online, select the "Pay Taxes" tab, select your account and proceed to the "Make a Payment" page. From here, simply enter the payment date you would like the contributions to be deducted from your bank account.

Payments to Volunteer Sports Officials Expenses or Salary

Documented reimbursement payments to volunteer sports officials are exempt from UI liability. Payments must be documented and must be reimbursed to the official for actual expenses incurred in order to perform or as a result of performing their officiating duties, regardless of the dollar amount.

In order for a payment to qualify as a reimbursement for expenses, the employer must maintain evidence the reimbursement reflects the actual expenses incurred. ***Reimbursement payments made without evidence are not considered expense reimbursements and need to be included on your quarterly contribution report as wages.***

Employee expense reimbursements must:

1. Have a business connection to the expenditure;
2. Reflect the date, time, place, amount and the business purpose of the expense.
(Receipts are required unless the reimbursement is made under a valid per diem plan.)

For example, a soccer club offers each soccer coach \$100 extra a month for gas expenses. The coach does not provide any proof of getting gas or the \$100 was spent on gas that benefited the soccer club, therefore, the \$100 would be reported as wages on the quarterly contribution report.

Reimbursements or allowances in excess of actual expenses incurred by the employee are considered reportable wages unless the employee returns the excess amount. Your travel policy should also list the above elements or travel expense will be considered reportable wages.

Save Money! File Your Reports and Pay Your Contributions on Time

If you are late filing your quarterly report or submitting your contribution payments, you will be subject to penalty and interest charges and it can negatively affect your next year's tax rate.

If you are a contributing employer and do not file a report when due, you will be charged a penalty of up to a maximum of 25 percent of the total contributions due for the quarter. As an example, if you owe \$500 in contributions and your report is more than four months late you will owe an additional 25 percent or \$125 in penalties for the quarter.

If you are a reimbursable employer and do not file a report when due, you will be charged a penalty of up to a maximum of 0.5 percent of the total reportable wages for the quarter. As an example, if you have \$100,000 in total reportable wages and your report is more than four months late, you will be charged 0.5 percent or \$500 in penalties.

Both contributory and reimbursable employers will be charged interest on any outstanding balance at a rate of 12 percent per year.

Reports and payments are due on the last day of the month following the end of the calendar quarter. ***If you are unable to pay the contributions on time, you should file your contribution report without your payment to avoid being charged a late penalty.***

UPDATE YOUR ACCOUNT ONLINE

If you need to update your name, address, phone number or email on your **Employment Security Contribution account**, visit labor.alaska.gov/estax/home.htm. Click on the "On-Line Employer Services" link to access and update your account.

Quarterly reports are due July 31, 2013.

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Important reporting requirements

Some Alaska employers look for ways to either supplement their existing staff or turn over their Human Resource (HR) functions to another company, thus allowing them to focus on their businesses. Alaska Department of Labor and Workforce Development is supportive of this concept as it allows businesses to flourish.

In most cases, the business supplementing its employees or turning over the HR functions to another company is the liable employer and is responsible for reporting the wages under its account, not under the account of the business providing the workers or HR functions.

For Unemployment Insurance (UI) Tax purposes, Alaska law determines which business is required to report the wages of the employee by looking at:

- who directly benefits from the services being performed by the employee;
- who exercises direction and control over the day-to-day duties; or
- whether the services performed by the employees are directly related to the nature of the client employer's business operations and whether the services are performed in the client employer's place(s) of business.

As an employer, you are required to report your employee wages under your account. Alaska does not allow employees from multiple businesses to be combined and reported under a single UI Tax account.

We are an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.



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and Workforce Development

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