



Alaska Employer

Newsletter

Unemployment Insurance Tax



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Bill Walker, Governor

Heidi Drygas, Commissioner

Patsy Westcott, Chief of UI

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Questions about your rate, account or contributions?

CONTACTS

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Penalty rates are expensive and preventable!

Employer tax rates are calculated using your quarterly reporting history of payroll information. As an employer, you can assure you receive an Experience tax rate instead of a Penalty tax rate. Double-check that all your quarterly contribution reports and payments have been submitted and paid. If you are not sure, give us a call.

This year, 292 Alaska employers received a Penalty rate. Experience rates for 2016 span from 1 to 2.10 percent. At a taxable wage base of \$39,700, most Alaska employers will pay no more than a maximum of \$833.70 per employee. A Penalty-rated employer taxed at 5.4 percent could be liable for up to \$2,143.80 per employee, over twice the amount of an experience-rated employer.

Are You Hiring Summer Help?

Workers hired to provide services for your business **are employees**. Whether you pay the worker for one day, one hour, or even \$1, the wages **must be reported** for Unemployment Insurance (UI) purposes. Some examples of paid employees that should be included on your quarterly tax report are:

- Tour guides/bus drivers
- Seasonal employees
- Day labor/casual labor
- Sports officials
- Students working in the tourism industry
- Street vendor workers
- Temporary or fill-in staff
- Hunting or fishing guides
- Fair and carnival workers
- Seasonal pilots
- Boat operators and crew
- Camp counselors

Reporting Employees

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 supports this concept. However, these workers who perform service for your business are reportable on your quarterly contribution report.

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 their account, not under the account of the business providing the workers or HR functions.

For UI Tax purposes, Alaska Regulation 8 AAC 85.015 determines which business is required to report wages of the employee by looking at:

1. the employing unit is the direct beneficiary of services performed by one or more individuals receiving remuneration;
2. remunerated services performed by one or more individuals are within the usual course and places of the employing unit's business; or
3. the employing unit exercises or has the right to exercise direction and control over the day-to-day duties of one or more individuals performing services for which they receive remuneration.

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

Miscellaneous payments

Miscellaneous payments such as employee bonuses, cash awards, cash equivalents/fringe benefits (AS 23.20.530(a)), and payments made to temporary or seasonal employees, regardless of length of employment or amount of wages paid, are considered wages and should be reported on the Quarterly Contribution Report.

Updating your Account Information

If your address, phone number or email changes or you have a change of a responsible party, the best way to inform us is to complete an updated registration form online at labor.alaska.gov/estax. Click on the "On-Line Employer Services" link to access and update your account, or send in a registration form. Having the most current information allows us to confirm whom we should speak with regarding your account.

SIDES is available!

Free your business from UI paper forms. The USDOL State Information Data Exchange System (SIDES) and SIDES E-Response offers employers an electronic nationally standardized form to efficiently and accurately respond to UI information requests. Using SIDES is free of charge, secure, ensures accurate exchanges, reduces administrative costs and saves time. If interested, please contact Kim Schnell at (907) 269-4758 or dol.sides@alaska.gov for more information.

DID YOU KNOW ...

Required employee posters are available for free at labor.alaska.gov/lss/posters.htm.

Quarterly reports and payments are due in our office no later than July 31.