



# Alaska Employer

Newsletter

## Unemployment Insurance Tax



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

Mike Dunleavy, Governor

Dr. Tamika L. Ledbetter, Commissioner

Patsy Westcott, Director

September 2022

**Questions about your rate, account or contributions?**

### CONTACTS

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## Employee or independent contractor?

Alaska statutes require an examination of the relationship between the employer and the contract laborer to determine whether the worker is an employee for ES Tax purposes.

Alaska Statute (AS) 23.20.525(a)(8)(A)(B)(C) gives three conditions, discussed below, that must be met for a worker to be excluded from coverage. It is in your best interest to understand these provisions of the law. Failure to report a contract laborer who does not meet all the conditions may result in additional taxes, interest, and/or penalties.

To qualify as an independent contractor, the worker must meet all three of the following conditions:

- Must be free from direction and control;
- Services must not be in the employer's usual course or place of business; and
- Must be customarily working in an independent trade or business of the same nature.

Agreements and contracts are not sufficient to alter the real status or relationship between employer and worker. Coverage under the Alaska Employment Security Act cannot be waived. In other words, an employer and/or employee cannot decide a worker is an independent contractor and responsible for their own taxes, unless the legal conditions are met.

These conditions have been interpreted in numerous appeals and court decisions, the outcomes of which may be helpful in determining if "contract labor" is employment and, therefore, should be reported for ES Tax purposes. For more information, review our "Do You Have Contract Labor?" brochure at [labor.alaska.gov/estax/forms/contract.pdf](https://labor.alaska.gov/estax/forms/contract.pdf) or contact your nearest Field Tax office.

*Alaska Economic Trends Magazine is a monthly publication that covers a broad range of economic issues. To view the electronic magazine, search articles and archives, and sign up for a FREE electronic subscription visit [labor.alaska.gov/trends](https://labor.alaska.gov/trends).*

## Attention seasonal employers

Take advantage and file your zero quarterly reports early! If you are a seasonal employer who traditionally files "zero" reports for quarters your business is closed (quarters where no wages were paid), why not make those reports part of your closing ritual? Zero reports can now be pre-filed electronically through TaxWeb. Access TaxWeb directly at [tos.dol.alaska.gov](https://tos.dol.alaska.gov) or through our website at [labor.alaska.gov/estax](https://labor.alaska.gov/estax) and then click "Online Employer Services." You may also file your reports early on paper and mail them to our agency. The Alaska Quarterly Contribution Report can be located on our website at [labor.alaska.gov/estax/forms/toc\\_forms.htm](https://labor.alaska.gov/estax/forms/toc_forms.htm).

## Reporting wages over the taxable wage base

Do you stop reporting your employees' wages once they meet the annual taxable wage base? If so, you are reporting incorrectly. For example, if an employee earns \$20,000 in each quarter of the year, wages for all four quarters must be reported even though the taxable wage base amount was met in the third quarter (8 AAC 85.030(b)(1)). When wages over the taxable wage base are not included on your quarterly report, you run the risk of creating a quarterly decline in reported wages. A decline in reportable wages from one quarter to the next can have a negative impact on your tax rate. The larger the decline, the greater potential for a higher tax rate.

## Enroll in SIDES

Alaska's Unemployment Insurance (UI) program is proud to offer the State Information Data Exchange System (SIDES) for employers to respond quickly and securely to UI separation information and earnings verification requests. Using SIDES reduces paperwork and administrative costs, eliminates postage fees, minimizes UI rates, and ensures information is exchanged securely and accurately. SIDES and SIDES eResponse are web-based programs developed through a partnership between the U.S. Department of Labor and state UI agencies to simplify and streamline requests and responses for UI information. SIDES is free of charge!

If you are interested in using SIDES, please send an email to [dol.sides@alaska.gov](mailto:dol.sides@alaska.gov) and provide the following information: Your business name, FEIN, contact name, phone number, and the email address where you would like information requests to be sent.

## TaxWeb return mail notification

We are now notifying employers in TaxWeb when an updated mailing address is needed. The pop up advises that mail has been returned and to email or call our agency with the updated address. The address can be updated in TaxWeb, but you must be the Administrator for the account. You can sign up as the Administrator on the Employer Home page. If you need to remove the current Administrator on the account, contact Central Office at (907) 465-2757 or (888) 448-3527 for assistance.

Additional advantages of being an Administrator:

- View all quarterly reports filed online
- View current and past tax rates
- Manage permissions and access for basic users on the TaxWeb account

**Third quarter reports and payments are due by Oct. 31, 2022.**