



# Alaska Employer

Newsletter

## Unemployment Insurance Tax



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

Bill Walker, Governor

Heidi Drygas, Commissioner

Patsy Westcott, Chief of UI

December 2015

### Questions about your account or contributions?

#### CONTACTS

##### Juneau Central Office

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#### UI TAX OFFICES

##### Anchorage

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##### Juneau

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##### Kenai

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##### Wasilla

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#### UI Tax Representative

Toll free: (888) 448-2937

## 2016 Annual Rates

The Annual rate notices will be mailed early December containing the 2016 employer and employee rates and the taxable wage base. Please be sure to update your payroll systems or inform your payroll provider of your new rate to avoid overpayment/underpayment of contributions. If you have any questions about your rate, contact us at [esd.tax@alaska.gov](mailto:esd.tax@alaska.gov) or by phone.

## Reports Received by January 31 are Eligible for FUTA Tax Reduction

Under the Federal Unemployment Tax Act (FUTA), employers may receive a 5.4 percent offset against the six percent FUTA tax imposed if their state has an approved Unemployment Insurance (UI) program and no delinquent federal loans.

Throughout its history, Alaska's UI Trust Fund has remained solvent without the need to borrow from the federal government. Alaska employers can therefore expect to continue to receive their full federal tax offset, **provided employers file their contribution report and make their payments on or before the last day of the month which follows the calendar quarter for which contributions have accrued** (8 AAC 85.30).

To ensure your reports are received by the ES Tax Office timely, use the "Online Employer Services" link at [labor.alaska.gov/estax](http://labor.alaska.gov/estax). Reports mailed by January 31, but not received by the ES Tax Office timely, may not receive the FUTA tax credit. Additionally, no grace period is provided for this federal requirement.

## Tax Online Services

Visit [labor.alaska.gov/estax](http://labor.alaska.gov/estax) and click on "Online Employer Services" to file your reports online, make payments using electronic fund transfer (EFT), update your account and more!

## Employee Advances: When to Report

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.***

## Pretax Deductions for UI Purposes

Not all employer payments are reportable on the Quarterly Contribution Report. Some items may be reportable to the IRS, but not to Employment Security Tax. If you have questions regarding reportable items, contact us at [esd.tax@alaska.gov](mailto:esd.tax@alaska.gov) or by phone.

The following types of employer payments should **not** be included as employee wages on the Quarterly Contribution Report:

- Employer payments to or on behalf of an employee into a fund for retirement, sickness or accident disability, medical or hospitalization or death benefits
- Reimbursement for employee's moving expenses
- Per diem for employees working away from home
- Reimbursement for expenses incurred by employees in the performance of duties
- Dismissal pay the employer is not legally required to pay
- Section 125 Cafeteria Plan benefits including:
  - o Group term life insurance
  - o Accident or health insurance
  - o Participation in a 401(k) retirement plan
  - o Flexible Spending Arrangement (FSA)
  - o Health Savings Account (HSA)
  - o AFLAC Plans

However, the following Section 125 benefits **must be included** on the Quarterly Contribution Report:

- o Cash in lieu of benefits
- o Adoption assistance
- o Dependent care assistance plan
- o Group legal services plan

**Quarterly reports and payments  
are due by January 31.**