



## Unemployment Insurance – 2013 Legislative Update

The following UI legislation was passed in 2013 that affects employers. We will provide additional information on House Bill 127 in our next quarterly newsletter.

**House Bill 127** – Effective October 1, 2013, this bill enacts federally mandated integrity requirements:

- Employer responsibility – The department shall consider an employer to have waived its rights as an interested party, with respect to a specific claim, if the employer or their agent does not respond to the Department's requests for information timely or completely, without good cause. The employer would be ineligible to receive credit for any resulting erroneous payment to the claimant.
- An additional 15% penalty for claimant fraud will be assessed and deposited into the trust fund. Total penalty is now 50% for claimant fraud.
- Employers are required to report to the National Directory of New Hire any rehires after 60 days of separation.

**House Bill 261** – Effective for claims filed on or after January 1, 2011, benefits that were charged to an employer with an experience rating account will be relieved of those charges if the employees were laid off due to a Presidentially declared disaster. The relief of these benefit charges will be reflected on contribution rates for 2014 for those employers affected.

## UI eServices for Employers – Call for Testers

As we have previously announced, the Department is replacing our legacy UI tax computer system with one that is more modern and provides additional on-line service capabilities. During the transition to the new system, we're looking for employers, employer representatives and accountants to help test the usability of the new system before it becomes available to everyone in 2014.

Onsite Test Sessions will begin in late October or early November. Although locations have not yet been set, testing will take place in a few locations across the State. Your participation could sway that decision! Testers will be given a set of typical scenarios to complete, such as registering employers, filing quarterly reports, and making mock UI tax payments. We'll also be looking for your preferences, reactions, and feedback regarding the ease (or difficulty) of use of the new website.

We're also recruiting volunteers to do remote testing from your own location, such as your home or office. This testing will be less structured than the onsite testing, allowing you to move around in and "try out" the system on your own.

If you are interested in participating, please contact Keith Lavender by email at [klavender@mt.gov](mailto:klavender@mt.gov) or by phone at 406-449-2468 by August 1, 2013. We appreciate your participation in this process!

Additional information and updates on UI eServices for Employers can be found at <http://dli.mt.gov/ui-eservices>.

### Is Sick Pay Taxable?

Payments made to an employee for sick leave or accident disability are reportable for the first six months after the employee last worked. This is also true in situations where the employer pays a premium to a third party, such as an insurance company, to cover sick leave or accident disability leave. If the employee pays the premiums to a 3<sup>rd</sup> party provider, the sick pay is not taxable.

## Records To Be Kept By Employer

A complete explanation of the records you must keep is in Section 24.11.2704 of the Administrative Rules of Montana. For a copy of this rule, go to our website at: <http://uid.dli.mt.gov/> under the UI Rules tab. Your records must be available for inspection by the department or its authorized representative. A field representative may audit your records to confirm quarterly reports were filed correctly and you are complying with the law. The field representatives will also answer your questions and help you understand Montana Unemployment Insurance. Records requested for UI audits typically include:

- Individual employee earnings records, Payroll Journal, General Ledger, General
- Cash Disbursement Journal and/or Check Register, Petty Cash Vouchers
- Business Income Tax returns, Profit & Loss Statement, Balance Sheet
- IRS Form 940, Federal Unemployment Tax Report
- IRS Forms W 2, W 3 & 1099 Annual wage reports
- Federal & State Quarterly Wage/Tax withholding reports (Forms 941, UI 5)
- Copies of Contracts with Subcontractors & Independent Contractors; IC Exemptions for Subcontractors
- Annual Corporate Report to the Secretary of State (C 4), Corporate Minute Books,
- Corporate Charter, Stock Register.

## Quarterly Report Reminders

Late Fees? The UI quarterly wage report for the second quarter of 2013 should be postmarked by August 1, 2013 to avoid late charges, even if you paid no wages during the quarter. You can save money by filing and paying on time. Late payment interest is computed at 1.5% a month. Late file penalty is \$25.00. By filing and paying timely, you can avoid the late file penalty and interest as well as a \$50.00 penalty that is assessed should we have to issue a subpoena to get the quarterly wage report.

If you can't pay in full, pay as much as you can and attach a note to the report stating how you plan to pay the balance. If you have questions about the Statement of Account, give us a call at 406-444-3834. Our accounts receivable staff will assist you in resolving the issue.

## Governmental Employer Rates

Rate notices for state and local governmental entities for state fiscal year 2014 (covers July 1, 2013 through June 30, 2014) were mailed in May. If you use a computerized system to calculate your UI tax liability, please be sure your software is updated with your new rate information for calculating your UI tax liability for the quarter ending September 30, 2013.

If you did not receive your rate notice, please contact our office at 406-444-3834 and we would be happy to send you another.

### 2013 Assistance for Business Clinic Schedule for the Remainder of the Year

There is still time to attend 2013 Assistance for Business Clinics in September and October. If you are interested in attending, please call a sponsor (Chamber of Commerce or Job Service) in these cities for location & fees.

Polson .....Sept. 11 ..... Job Service (JSEC)  
Lewistown .....Sept. 19 ..... Job Service (JSEC)  
Butte .....Sept. 25 ..... Chamber of Commerce  
Hamilton .....Oct. 2 ..... Chamber of Commerce